FAR EASTERN
ECONOMIC REVIEW

Vol. XXI Hongkong, November 1, 1956 No. 18

Riots in East and West 549

Indo-Sino Cultural Relations 551

Malaya & Borneo

Economic Survey of Malaya and British Borneo (Part I) 553

Thailand

Industries of Thailand 559
Thailand's Trade in 1955 561
Tourist Attractions of Thailand 562

Philippines

Tourist Attractions of the Philippines 563
Economic Letter from Manila .. 566

Burma

Burma's Teakwood 567

Japan

Japanese Paper 567

China

Principles of Chinese Education 568

Taiwan

Taiwan's Trade Policy and Investments 570
Civil Air Transport 570

Finance & Commerce

Imports and Consumption of Cotton in FE 571
Estimated World Cotton Spinning Spindles 572
Hongkong Exchange Markets 573
Hongkong Share Market 573
HK & FE Trade Reports 574

Hongkong's Trade for September and for January-September, 1956 576

RIOTS IN EAST AND WEST

A rash of riots has spread round the world. Hongkong's experience is now being shared by Singapore. Central Europe is in a turmoil and while Poland has quietened down nobody knows quite what is to be the outcome in Hungary. Peking has had its influence on recent developments in Europe and now many will be waiting to see what influence those events will have in turn on Peking, as well as in the Soviet Union. Officials in Washington expressed the belief that Communist China had actually encouraged Poland's leaders in their struggle against Soviet domination, and that Peking had gained stature in the Communist world as a result of Poland's action. The view of these officials, which was generally supported by Western diplomats, was that fundamental relations between the two mightiest Communist Powers would remain substantially unaffected. But an important by-product would be a tendency of both the Communist and uncommitted Asian nations to lean more towards Peking for assistance and guidance because the Polish uprising indicated Peking was a supporter of more enlightened and serene relations with small nations.

The issue is no greater at the moment than expressed in the principle emphasised by the Peking leaders that there is more than one road to Socialism and not just a single Soviet-dominated road. But there are all sorts of side-streets and turnings off the trunk road and all kinds of natural rivalries to complicate what seems a simple truism. There is no doubt that the Chinese went out far in the lead with their pro-peasant and intellectual liberalisation policy initiated at the beginning of the year, even before Khrushchev pulled Stalin off his god-like pedestal and with him the iron-handed despotism which has been the greatest irony of Russian revolutionary history and the most disfiguring stigma on Western liberal civilization. Peking must be very pleased with itself—however displeased it may be with Hongkong just now—over having acted before rather than leaving it till now to take the new path. But repercussions from Europe must be expected, since the dynamism has passed to the West.

It is necessary first to establish the causes of the outbreak. The French papers are an admirable guide to these factors. In Poland it was due chiefly to the ghastly failure of the economic policies and the widespread poverty and misery under a regime that was supposed to wipe out such things. The Six Year Plan proved a fiasco; agrarian collectivization was a failure; Marxist methods and principles, coupled with Soviet exploitation, imposed a total breakdown of national economy. The crisis, it was said, was a witness to the economic and political fallibility of Moscow. The new stage in destalinisation cannot rest, therefore, within the framework of ideological controversies. Once more popular pressure has been brought to bear on the revolution and the call will be heard in Prague as well as in Warsaw and Budapest. It may even be heard in Moscow itself before all the dust is laid and another type of stillness than that of Stalin steals upon the scene.

The Communists have discovered to their consternation that there are counter-revolutionaries about as well as despairing and revolting Communists. But neither the Old Guard in Moscow nor the remnants of the ancient regime in the satellites will have much say in the sequence of events. The days ahead will belong to the younger men and the university students who are once more on the streets and on the stump. In Budapest the students sent in an ultimatum demanding more liberalisation, and quickly. They demanded autonomous administration of the universities and permission for students to travel abroad. They demanded freedom of the Press and the abolition of the death penalty. In Szegad the students formed their own "independent students' organisation" to operate on Marxist-Leninist principles, but to find a new way leading to socialism. The official organ of the party agreed with them but warned them against going out into the streets and demonstrating. They evidently did so nevertheless. But the major principle of all is the promotion of democratic action at all levels and the end of the Party slate in elections.

The Italian CCP leaders, free from fear of restraint, set down the line, first expounded in Peking, in elaborate detail. They wanted an end to control and dictation from above, which had led to an absence of democratic life at all levels and as a result weakness in political action. But they still insisted on the Party slate for elections, which the others now resist. They want rival candidates from the Party so that they can have a choice between Party candidates presenting rival and conflicting aspects. There is always a Left and Right, and often a Centre, in all controversies wherever discussion is at all possible. In Soviet Russia, Stalin put an end to all real discussion by a regime of terror which disposed of all who ventured to think or act differently. Fiat from the Kremlin, backed by ruthless action by the secret police, took the place even of Party debate.

Since his death debate has still been limited to the Central Committee, and was never as open in the Soviet Union as it has become in China since the turn in policy at the beginning of the year when Peking laid it down from the highest quarters that persuasion must be substituted for coercion. It was wise and protective, as we now see in the light of the furore in Central Europe. At the same time coercion (euphemistically known as Commandism) continues almost throughout the countryside. Nobody knows the power and the numbers of the Chinese peasantry better than the Communist leaders who, like Mao Tse-tung, are essentially peasant Communists, for even if they found Communism in the books of city libraries and universities (as Karl Mark wrote Das Capital in the British Museum), they were driven back deep into the countryside for many years till their final conquest of national power. The events in Europe confirm the foresight and wisdom of the Peking hierarchy. They also minister to their fears which, with the confidence gained by the startling rush of the peasants into the co-operatives and the ease of the transformation of private industry and commerce, together brought about the turn from terroristic methods to more persuasive if no less determined tactics at the beginning of 1956.

International differences are hardly likely to develop quickly, though manifestly the authority of China has risen in proportion to the fall of Soviet power and prestige, though looser links may strengthen rather than tear apart the Communist bloc in the West. The Soviet Union is committed to the provision of equipment and services to China to the extent of some U.S.$1,450 million for the completion of the five year plan in China at the end of 1957, and there were commitments also to further major projects and equipment more or less gouged out of the new Soviet leaders as the price of agreement with destalinisation. Some of these are said to clash with commitments rashly undertaken in the Middle East and other Asian countries. China has a dual objection to this—first to Moscow's intrusion into a field she now considers her own; and secondly to the possible dispersal of resources to her own disadvantage. Communist solidarity or internationalism, whatever it may be called, was monolithic and seemingly indestructible a few years ago. It is falling apart to-day and even if the parting has not involved bloodshed and bitterness prejudicial even to any sort of open and legal association between some of the countries, the events may well alter the whole international impact of Communism and enable a new order to emerge, possibly very like the next Government in Britain, which will build more securely than on the terrible but im-

INDO-SINO CULTURAL RELATIONS

By A. E. Thomas

(Secretary, Indian Chamber of Commerce, Hongkong)

On either side of nature's longest and tallest mountain wall two largest agglomerations of people, in the course of several millenniums, developed two distinctly separate civilisations and cultures of their own to which there are few parallels in the cultural history of mankind. Anthropologists, archaeologists, sociologists and historians unanimously agree that China and India are two of the most ancient countries and that the people of these countries have contributed much to the cultural heritage of mankind. Separated by the mighty Himalayas China and India are the largest countries in Asia with a population almost equal to 40% of the entire humanity. Both countries had their golden ages in the past. Both passed through similar stages of social and political evolutions. Both have a highly philosophic people whose lives have been much influenced by religion. On either side of the Himalayas they have existed since the dawn of civilisation. They have lived in peace and amity with each other, seldom violating the 2,000 miles-long frontier. In recorded history there is no mention of any war between China and India. Coincidence of events have been such that the vicissitudes of fortune of these two countries have been parallel and both of them have passed through identical transitions.

The river Indus which is now in Pakistan has been a river of India's destiny. In fact India derives her name from that of the mighty river. In Sanskrit it was called Sindhu. The Persians named it Hindu while the Greek conquerors called it Indus. The river originates in Tibet in the vicinity of mount Kailas overlooking lake Manasarovar. Both these places have been of religious importance to the millions of Hindus in India. Every year thousands go on pilgrimage to these holy places. It was probably these early pilgrims who came into contact with the Chinese for the first time. The people of North China called them Hsin-tu while the South Chinese named them Yin-tu. On the other hand the people of India called the neighbouring land beyond the Himalayas "Cheena" much earlier than the advent of the Tsin or China kings in the 3rd century B.C. from which time the land is officially known as China or the country of the Chins.

Historical evidence is lacking regarding the existence of any significant cultural intercourse between India and China before the rise of Buddhism. However, there existed some sort of commercial and trade relations between the two countries since very early times. Among the imports into India from China the most popular and costly items were vermilion and silk. These had a sanctity of their own in every Hindu household both for ritual and toilet. Indian women feel that they look more elegant and charming with the vermilion marks on their foreheads and attired in silk garments.

More concrete relations came into existence between India and China since the reign of Asoka. The imperial Mauryan ruler is credited with propagating Buddhism not only within his empire but also sending missionaries to neighbouring countries to preach the gospel of the Buddha. However, it is doubtful whether the missionaries sent by Asoka themselves reached the Chinese capital. It is commonly believed that Buddhism reached the Chinese mainland through the steppes of central Asia where Asoka had sent his missionaries. It is said that Buddhist missionaries first appeared in the Chinese capital in 217 B.C. during the rule of the First Tsin dynasty. While making an expedition to the Hun country a Chinese general discovered a golden statue of the Buddha which he took to the Chinese capital. Historical records show that Buddhist icons and scriptures were presented in the Chinese court in 2 B.C. by a Yeuh-chi ruler of the Terai on the slopes of the Himalayas. A popular legend says that in 65 A.D. emperor Ming of Han dynasty saw a dream in which he was commanded by an angel of God to invite Buddhist missionaries to China. He sent his ambassadors to India to bring a few learned Buddhist monks to China. Among the monks who were brought to China the most illustrious were Dharmaratna and Kashyapa Matanga. Sacred relics and holy scriptures which they brought with them were carried on the back of a white horse. It is said that the first monastery established in China was called the White Horse Monastery. It was these two great Buddhist monks who laid the foundation of Indo-Sino cultural relations. They spent the rest of their lives in China preaching Buddhism and translating Buddhist scriptures into Chinese. Several other missionaries followed the same track that was cleared for them by Dharmaratna and Kashyapa Matanga. Most of them chose to live in China, studied the Chinese language and assumed Chinese names.

It was only towards the close of the 4th century A.D. that Chinese monks crossed over the Himalayas and came to India. A few of these men travelled throughout the length and breadth of the Indian sub-continent visiting Buddhist centres. Historians owe much to the writings of some of these famous travellers in so far as their accounts have thrown much light on the social, political and economic life of the people of India of that time. Fa-hien was the first Chinese scholar who visited India whose account of the administration of the Imperial Guptas and the social conditions which prevailed in the country at that time are generally accepted as authoritative and genuine. Two and a half centuries or so later Hiuan-Tsang, another famous Chinese traveller, arrived in India. Son of an orthodox Confucian, he was brought up in the best of Chinese traditions. However, at the age of 29 he came under the spell of Buddhism. He decided to go to India and make a thorough study of Buddhism. It took several months for him to reach India. Crossing the desert regions of Sinkiang, Hiuan-Tsang reached central Asia from where on foot he covered the entire journey to India. The privations he had to suffer made him all the more resolute in his attempt to reach the cherished goal. He visited all the places connected with the life of the Buddha. Hiuan-Tsang stayed in India for 16 years studying the Pali language and translating Buddhist scriptures into the Chinese language. He was a contemporary of Harshavardhana, the last of the

---

permanent foundations of terror, cruelty and all unkindness. Meanwhile events in the West have not merely shown the wisdom of China's moderation but enforce the lesson that there must be no deviation from the path and the pace of real concern for the people be quickened in defiance of need be of all doctrine and doctrinaires: a return by evolution to the true path of politics—which is the art of the possible, in which full account is taken of Nature both divine and elemental, and most of all of human nature.

great Hindu rulers of India. On his return to China he narrated the story of his discoveries in India. His studies in India led to the foundation of a school of Buddhist philosophy in China.

From the days of Hiuan-Tsang till the Turkish invasion of India there existed regular cultural and social contacts between India and China. However, Buddhism began to decline in the land of its origin mainly because of the revival of Brahmincial Hinduism. The conquest of India by Arabs, and subsequent invasion by Turks and Afghans changed the course of Indian history. The advent of Islam in India was a turning point in the destiny of India. It is recorded from the Chinese inscriptions discovered at Bodh Gaya that the last organised batch of Chinese Buddhist pilgrims who visited India was between 1000 and 1033 A.D. After 1036 there has been no reference of any Indian Buddhist missionary going to China for the propagation of the faith. But it is quite interesting to note that Buddhism became the state religion in Tibet and in the passage of time the cult of Lamaism has become dominant in that country. Lamaistic Buddhism developed from the Mahayana sect of Buddhism to which belong the Buddhists of the North and North-East frontier regions of India. Padmasambhava and Dipankara Atisa, two Indian Buddhist missionaries, are credited with proselytising the Tibetans to Buddhism. They rank next to the Buddha in Tibetan Buddhism. Even this day Tibet is among the greatest citadels of Buddhism in the world.

From the 11th century A.D. till the Chinese revolution in 1911 both the countries were passing through social and political changes. The Mongol invasion of China and the Mugal invasion of India paved the way to Islamic influence. The arrival of Vasco da Gama Calicat in 1498 opened another chapter in the history of Asian countries. As the famous British historian Arnold Toynbee puts it, it was the beginning of the age of Vasco da Gama. Both India and China lay prostrate at the feet of the newcomers who had read about the fabulous riches of Cathay from the "Travels of Marco Polo".

The naval expeditions undertaken by Vasco da Gama and other Western pioneers were primarily for finding a sea route to the fabulous East. It was more of a commercial adventure. Ever since the days of the Roman Empire Chinese silk and Indian spices were in great demand in the West and they were highly priced. It is said that the Romans paid equal weight in gold for the silk they imported. Since India and China needed no imports from the West, there was always an adverse balance of trade for the West. The search for a sea route to the East was for this lucrative trade and not only did the West gain trade, they also got extensive empires. For about two centuries the impact of the West on India and China has been almost similar, although China did not totally come under foreign rule. However, there has been an awakening in the Orient since Japan defeated Russia in 1904 in the Russo-Japanese war. China emerged from despotic rule of the Manchus in 1911 and a new chapter was opened in her long history. The Chinese people were always sympathetic to the aspirations of the Indians to become a free people. In 1947 India became free. In the meanwhile further political changes were taking place in China. Since Indian independence, there has been a steady revival of the cultural contacts between India and China. There have been several cultural exchanges between these countries during the past decade.

The celebrations connected with the 2500th anniversary of the birth of the Buddha has been a stimulating force in strengthening the cultural and social ties between India and China.

India and China are two great countries. Today both of them are experimenting two distinctly different ideologies to bring economic salvation to their people. There

ECONOMIC SURVEY OF MALAYA AND BRITISH BORNEO

(Compiled by United Nations ECAFE Secretariat)

PART I

Although the Malaya and British Borneo area presents political and economic variety, the five territories possess certain similarities which spring from the common inspiration of their administration, from the source and nature of the capital supply, and from their dependence, with the exception of Singapore, upon income from primary exports. The differences are equally obvious. Politically, the area comprises three British Crown Colonies—North Borneo, Sarawak, and Singapore—and two British-protected territories—the State of Brunei and the Federation of Malaya; new constitutional developments in the Federation of Malaya and the colony of Singapore have, however, brought about a higher degree of self-government in these territories. Each of these entities has its own peculiar economic characteristics and problems—North Borneo attempting development with its labour shortage and its limited funds; Brunei with its wealth in oil attempting to define the optimum pace and limit of development; Sarawak achieving a certain diversification in agricultural production but urgently requiring development of its interior; the Federation of Malaya with its continuing dependence upon rubber and tin; and Singapore, the entrepot binding the area together with its port facilities and its complex of agency houses and financial institutions.

From the former Straits Settlements of Singapore, Malacca, Penang, and, to a lesser extent, Labuan, both British colonial economic administration and European and oversea-Chinese capital moved into the interior to develop economically the Malay states and the three territories of British Borneo. Private capital established the rubber, tin, oil and timber industries, which developed under a system of sound finance, balanced budgets and stable currency, under which final policy decisions were made within the tradition of the United Kingdom's colonial service.

Today Singapore and the Federation of Malaya's Penang continue to play their traditional role, with their exclusive position modified, however, by the development of Port Swettenham and the facilities which have arisen in the towns of the Federation. Labuan in North Borneo serves as a transhipment point for the British Borneo coast from Miri to Kudat, including, especially, its richer but port-less neighbour, the State of Brunei. Singapore remains dominant, and its British and other exchange banks still finance the bulk of the area's exports, while the Chinese banks finance the imports, and Chinese merchants and British and foreign agency houses break down the shipments in Singapore and distribute them to the towns and ports of Malaya and British Borneo.

The trend towards increased government participation, arising mainly from post-war reconstruction needs, changed the passive economic role of the governments into active participation in development, and by 1955 all the territories were following patterns established by comprehensive plans which carried development schemes up to 1960 and, in some cases, beyond. Local loans have been raised mainly from local banks and insurance companies, the Post Office Savings Bank and, in the Federation of Malaya, the Employees' Provident Fund. However, with the exception of Brunei and Singapore, these development schemes require financial means beyond the resources of the area. The need is met by various colonial financing programmes—the Colonial and Welfare Development grants, the Colonial Development Corporation, the Colombo Plan and the borrowing facilities of London. Territorial allocations were made for the first time this year by the Colonial Office under the Colonial Development and Welfare Act, which has been extended to 1960.

With such external help, availability of capital has not, as yet, been a limiting factor, and the additional revenue in 1955 resulting from the exceptionally high price of rubber and sustained prices of other exports will, except in Singapore, ensure the continuity of the development programme and provide additions to uncommitted reserves which might otherwise have been exhausted, except in Brunei and Sarawak, by the end of 1956. The speed of development is restricted by the obvious necessity for certain projects to proceed in sequence, (e.g., soil surveys must precede agricultural settlement, roads must precede rubber planting) and by the limit on availability of qualified staff. Technical education, which received lengthy consideration in the International Bank Mission's report, has been hampered by lack of qualified teachers.

The five territories are also bound together economically by their status as "scheduled territories" and consequent inclusion in general sterling-area controls, and by their participation in the Malayan Currency Union. Malaya is, of course, a major contributor to the dollar pool, and during the first six months of 1955 its exports to the dollar area totalled M$425 million. The provisions of sterling area controls on dollar area purchases are modified to allow Singapore merchants to obtain area goods in Hongkong where their import has been financed on the open dollar market. In the first half of 1955 a total of M$42 million of such goods was imported as compared to M$47 million dollar-area goods paid for in United States dollars. This exception is utilized only by Singapore which is permitted to re-export them to the other four territories for sterling, although other re-export markets are required to provide dollars.

The Malayan Currency Union is the logical development of the Straits Currency Board which, since 1898, had issued notes circulating freely in the five territories. A 1952 currency agreement made the territories jointly responsible for the currency, and since 1953 this 100 per cent sterling-backed currency has been the sole legal tender in Malaya and British Borneo. The Malayan dollar currency is managed by a Board of Currency Commissioners whose duty

---

exists harmony and cordiality between these countries and it can safely be said that the millenniums-old cultural link between these countries will grow to greater dimensions for the betterment of both the peoples who together constitute 40% of humanity.

it is to invest a proportion of the reserves in sterling securities—income from which in 1954 totalled M$24 million —and otherwise to maintain the currency laws, basic to which is the concept of free Malaya dollar-sterling convertibility. The headquarters of the Board is Singapore.

Transfers of funds between the Malayan currency area and London are effected by operation on the Singapore inter-bank sterling market. A net movement of sufficient magnitude in either direction results in the sale to the Commissioners of Currency of either Malayan dollars or sterling, against which the Commissioners provide funds at the fixed exchange rate. The Commissioners charge, however, a 1/8d commission on every Malayan dollar bought or sold, and it is this commission which allows the operation of the inter-bank market. Actually, exchange rates fluctuate between 2s 3 27/32d and 2s 4 5/32d, allowing for a bank commission of 1/32d at the limits. Despite the fact that the public has access to the Commissioners of Currency for all transfers over a minimum of £10,000 or M$100,000, the commercial nature of almost all exchange transactions of this magnitude effectively limits access to the banks, and changes in the money supply are initially a consequence of changes in the bank's monetary liabilities. If banks experience or anticipate a currency drain or surplus over current requirements of Malayan dollars, dealings with the Commissioners will result. In 1955 the rise in rubber prices and the improvement in the balance of payments caused a strong market for the Malayan dollar, which has remained at the "super-top" Singapore rate of 2s 4 1/32d selling and 2s 4 5/32d buying since 15 December 1954. Exchange rates in the area are based on the Singapore rates plus internal transfer charges. Active note circulation increased as bank monetary liabilities fell during the first months of 1955 and partly for this reason and partly in anticipation of further increases, the banks bought M$9.25 million in currency notes from the Commissioners in January and a further M$12 million in June by selling the Commissioners an equivalent amount of sterling.

The basic feature of the Malayan monetary system is the close relationship it allows with London, a consequence of both the banking system and the sterling-exchange standard. The result, therefore, is that Singapore enjoys discount rates on usance bills identical with those obtained in London, while interest rates obtainable at banks tend to be related to, and change as a consequence of, monetary changes in London. When the bank rate in the United Kingdom was raised in January 1955, for example, the Malayan Exchange Banks' Association in Singapore had, within three weeks, raised the agreed minimum rates of interest for dollar advances. A second increase in the bank rate in February resulted in a structure of Singapore interest rates varying from 5 per cent against government and/or municipal securities to 6½ per cent against property.

The foreign exchange banks tend to concentrate on finance of the export trade; the Chinese banks, on the import trade; and there are certain smaller Chinese banks with specific clan or business specializations. In general, it is true that the Malayan banks, in keeping with British banking traditions, are primarily organized for the financing of trade rather than development. At the end of March 1955 their loans and advances in Malaya totalled M$561 million; their investments, M$152 million; and their holdings of local treasury bills, M$13 million. Credit for rural and small-scale industrial development requires a different type of institution, the need for which the co-operative banking and credit unions established in the Federation, Singapore, and Sarawak are beginning to meet, while specialized institutions, e.g. North Borneo's Credit Corporation, have been established to provide government funds beyond the capabilities of the co-operatives. Private savings have been mobilized by the Post Office Savings Banks of the various territories and by the savings accounts of the commercial banks, while, in the first half of 1955 in the Federation, deposits into the Employees' Provident Fund exceeded withdrawals by M$21 million. Private savings have not been attracted to government security purchases, but savings for the Malayan Currency Area in Post Office Savings Banks alone reached M$164 million at the end of 1954.

The idea of a central bank for Malaya and possibly for British Borneo, was given official recognition in the announcement that a committee of experts to study the matter had been selected.

MALAYA

The dependence of Malay's economy on primary exports and the dominating role of the rubber-producing industry have been generally emphasized. In 1955, considering the exceptionally high price of rubber, the rubber, tin, and other primary sectors of the economy are expected to contribute a little over 50 per cent to the year's national income. Although this percentage has shown some variation over the years since 1950, such variation is more a reflection of the changing price of rubber than of any basic change in the nature of the economy.

The high rubber prices also affected Malaya's balance of trade for the first six months of 1955. An increase in rubber exports of M$269 million over the second half of 1954 was partially offset by a fall in the value of tin, coconut oil, petroleum, and other exports, total exports for the first half of 1955 rising to M$1,868 million, or M$210 million over the second half of 1954. Imports of manufactured consumer goods, vehicles, steel, and other industrial raw materials increased significantly, and the resulting favourable balance was M$52 million.

From the economic standpoint, Malaya in general remains co-ordinated. In 1954 approximately 39 per cent of the Federation's imports and 43 per cent of its exports passed through Singapore. Agency houses and banks in Malaya are subjected, in general policy, to the head office in Singapore. Movement of population between the two territories is unrestricted, and many Federation retailers are serviced directly from Singapore wholesalers across the Johore causeway. In the government sector of the economy, income and company tax laws are co-ordinated, immigration regulations are identical, and certain government services and development programmes are inter-territorial.

The 1947 census revealed that approximately 9 per cent of the Malayan working population was engaged in secondary industry. This pan-Malayan figure, however, hides a significant distinction. Whereas in the Federation nearly 40 per cent of the industrial labour force in 1947 consisted of own-account workers and unpaid family helpers, in Singapore this proportion was significantly less—just over 10 per cent—and there is no reason to suppose that any major relative changes have occurred since 1947. Singapore is an urban centre, modifying its entrepot basis by developing an industrial potential. The Federation is basically a primary-producing area, its industry depending chiefly upon handicraft and cottage-type undertakings, and only to a limited extent upon larger-scale enterprises.

Some outward signs of dissatisfaction with the existing rural-urban relationship appeared in the Federation this year on the occasion of the labour unrest in Singapore. Divisive tendencies are restrained by the cost of developing substitute facilities, by the unifying effects from the operations of the private sector, and by the as yet unrivalled facilities of Singapore as an entrepot for South-East Asia. But even now, Singapore manufacturers suffer from the Federation's revenue tariff. These problems arise at a time when a maximum of co-ordination is required if the Malayan economy is to be prepared for a lower price for natural rubber and for population expanding at the rate of about 3 per cent per annum.

Federation of Malaya

The Federation's prosperity is dependent upon two primary exports—rubber and tin—the result of private development and utilization of existing economic resources. Their predominant role could only be altered at considerable cost, in the short run at least, to the country's national income. The decision has been made and registered in the country's development plans to continue this predominant role while attempting, at the same time, to encourage diversification in agriculture and light industry.

But today Malaya's natural-rubber producers face severe competition from the now privately-owned synthetic industry at a time when their trees are old and production costs correspondingly high. The mission of experts under the chairmanship of Sir Francis Mudie emphasized, therefore, the need for more efficient production. The mission's report concluded: "In spite of the age of her trees and the competition of synthetic rubber, Malaya can continue to prosper and her output of rubber can be increased, but only if vigorous and united action is taken now . . . . the key to the problem is replanting."

With natural-rubber prices dangerously high in the context of long-run competition from a synthetic product, "united action" is now being taken. Until mid-1955, replanting, seriously behind schedule, had been financed by (1) an ad valorem cess on rubber exports—on estates for refunding on evidence of replanting, and on small holders for payment to a small-holders' replanting fund, and (2) a further 4.5 cent a pound cess, returned without qualification to estates on the basis of production figures, the balance being used to supplement funds available for small-holders' replanting. The present system, which is a compromise between the tax proposals of the Mudie Mission and the counter-proposals of the industry, was adopted and came into effect in June 1955. An anti-inflationary cess when price of rubber reached the 100 cent a pound level (RSS 1, Singapore), which it did in June, is levied but set aside for later return to the industry in times of low rubber prices. Proceeds from a more highly progressive tax on rubber exports has been partly responsible for the elimination of the Federation's estimated budgetary deficit of M$149 million for 1955.

The government expects to subsidize replanting from general development funds over the next eleven years to a total of M$280 million, including M$168 million for estate replanting and M$112 million for small-holders. This provision will halve the costs of replanting for the average estate and assist the small-holders with the capital outlay for replanting, while judicious catch-cropping can ease the loss of income over the initial unproductive life of the trees. This direct aid from general revenue, which obliges estates that have already replanted to assist in the financing of others, is new and emphasizes the urgency of the problem in the view of the government.

Both the Mudie report and subsequent government policy have stressed replanting although some encouragement was paid to new planting. New planting requires additional overhead expenses in the form of roads and buildings, and suitable rubber land still available is limited in the more developed areas. Some 12,140 hectares of small-holders' rubber is being planted in the Kedah foothills, but the estates' new planting is usually limited to their own reserved lands. By the beginning of 1955 a total of 28,700 hectares of small-holders' rubber land had been replanted in rubber and a further 809 hectares had been used for replanting in other crops, which is allowed under the replanting scheme. In 1955, of the applications approved, totalling 18,805 hectares—and applications had to be in before the beginning of 1955—about 17,402 hectares had actually been replanted by August, a percentage only slightly lower than in 1954.

Small-holders' rubber production is especially susceptible to changing prices, since in many cases only a high price will cause small-holders to hire additional tappers and to concentrate on rubber production as opposed to their other economic activities—for example, paddy cultivation. For the first six months of 1955 estates and small-holders produced 303,400 tons of rubber compared with 264,000 tons for the first half of 1954. Of this 38,800 tons' increase in output, 34,000 tons came from small-holders.

However beneficial a high rubber price may be to the federal government's finances, there is a danger that in the long run such prices as prevailed in the second half of 1955 will stimulate the synthetic-rubber industry. Competition with this industry is one of the serious unknown factors in the future of the Malayan economy, a factor which gives special point to a second urgent recommendation of the Mudie report—natural-rubber research. The 0.5 cent per pound cess which the industry levies on rubber exports to finance research and promotional and development activities is now totally inadequate, but attempts to raise the cess to the 0.75 cent recommended in the Mudie report have met with objection from larger firms in the industry which conduct, in any case, their own research programmes. In 1954 and 1955 no new research was initiated on an industry-wide basis, and the prospects for 1956 are not encouraging.

The market for the Federation's rubber and the grades of rubber produced have been changing over the years. Local consumption by the Federation's 28 factories, although still small, has increased. In the first six months of 1955 they produced 553 tons of rubber compounds, 5.8 million pairs of rubber footwear and 16,500 metres of rubber hose. Malayan exports of rubber, which include rubber imported into Singapore and Penang for re-export, were more widely distributed in 1954 and the first half of 1955 than previously, with Malaya's two biggest markets, the United States and the United Kingdom, taking a relatively smaller share.

In the period July 1954-June 1955, production of tin-in-concentrates reached 62,000 tons compared to the 1940 peak of 82,000 tons and the 1953 total of 57,000 tons. The value of the 1954/55 production was M$370 million or 90 per cent in value of the Federation's mining production, compared with M$187 million in 1940. However, tin production in the first six months of 1955 fell one per cent below that in the second half of 1954, owing chiefly to five strikes which resulted in a loss of over 20,000 man-days. A slight rise, from £693 to £724, in the monthly average price of tin per ton, London, was recorded over the first six-months of 1955, but this was not sufficient to offset the decline in tin exports caused by the temporary fall in production. The International Tin Agreement signed by the United Kingdom on behalf of the Federation in 1954 had not yet been ratified by the necessary number of participating countries, but the Federation Government approved proposals made for the implementation of the production quota given in anticipation of ratification. Long-run production of tin may be affected by two further factors. The Emergency has prevented prospecting on a scale sufficient to replenish the tin reserves now being mined, and a uniform policy on the alienation of land for tin mining would be difficult because control is in the hands of the states.

Production of iron ore, Malaya's second most valuable mineral resource, showed a similar production pattern—an increase from 1.08 million tons in 1953 to 1.23 million tons in 1954, but, in the first half of 1955 a fall to 604,000 tons due to unusually low output in January and February. These figures compare with a 1940 peak of 1.99 million tons. Prospecting is being undertaken in Pahang and Kelantan and, on a small scale, in Perak and Kedah, and production is reported likely to increase substantially within a few years. 94 per cent of the iron ore mined in 1954/55 came from Bukit Besi in Trengganu, and transport difficulties make its use in the Federation extremely costly. The bulk of the iron mined is exported to Japan, and none is smelted in Malaya.

Bauxite, ilmenite and gold production increased in 1954/55, but the production of coal fell significantly in the face of competition from imported fuel. Illustrative of the Federation's heavy dependence on foreign markets is the story of columbite, production of which rose, in response to foreign demand for stockpiling, from 61 tons in 1953/54 to 190 tons in 1954/55. When in May 1955 this demand ceased, the industry was left over-expanded, although miners continued operating in the hope of a revival.

Despite the fact that rubber occupies about 65 per cent of the entire cultivated area and accounts for 16 per cent of the total gainfully-occupied population and 64 per cent of 1955 (January-June) export earnings, increased emphasis is being placed on the rice, cacao, palm oil, copra, tea, pineapple, and fishing industries, production in which has remained at approximately the 1954 level. Agricultural production (excluding rubber) in 1955 has not suffered markedly from the increase in rubber prices, and paddy yields per acre have increased owing to rice improvement and development programmes especially in the field of drainage and irrigation which, in 1955, accounted for the scheduled expenditure from loan funds of M$10 million. Credit and marketing have, however, proved to be serious problems in outlying areas.

Although the government has no marketing department, it guarantees a minimum price for paddy and has encouraged the formation of co-operative societies which, at the end of 1954, numbered 1,761 with a total working capital of M$37.6 million. There are rural co-operative credit societies, banking unions, and, at the top of the co-operative credit structure, the Apex Bank, which was formed in September 1954; it began operations in early 1955, and the government assigned it M$5 million for emergency assistance to paddy farmers when the government-guaranteed minimum price for rice was lowered from M$17 to M$12 per picul in response to the falling price of imported rice. Despite these efforts, it is apparent that the padi kuncha system, whereby credit is extended to the farmer by local merchants in return for a certain quantity (kuncha) of grain to be delivered at harvest, is still operating and that the concealed interest is unreasonably high.

The Federation's forestry policy is directed at self-sufficiency in timber, and this, even at the present rate of population growth, may be possible. However, effective control of timber reserves must be maintained, which is difficult under present State autonomy with regard to land policy. Planned planting is rare, regeneration being almost entirely natural under Malayan forest conditions. Exploitation of forests requires the construction of access roads, for which an expenditure of M$400,000 was made in 1955. Development in fisheries includes the encouragement of fisheries co-operatives and schools and the Kelantan Fish Marketing Scheme.

The original development plans of the Federation, 1950-55, have been revised in the light of experience, the availability of resources, and the United Kingdom's extension to 1960 of the programmes of the Colonial Development and Welfare Act. A 1955-60 revised plan as submitted in 1954 is now being reconsidered in view of the International Bank Mission's report, yet the differences are not great enough—except in the road-building programme—to invalidate the general magnitudes of the 1954 plan as the basis of discussion. The plan calls for an expenditure of M$484 million which will cause an estimated increase in recurrent expenditure of M$12 million annually by 1950. Although replanting is the largest single capital expenditure in the programme and other economic projects (transport and communications, power, etc.) take up a major part of the total scheduled development expenditure, social development expenditure, including health and education, will reach approximately M$60 million by 1960. The sources of development capital come mainly from loans, for which M$370 million has been authorized, but further capital to the amount of M$44 million will come from Colonial Development and Welfare grants and M$22 million will be requested from the International Bank and the Colombo Plan. As little or no funds are expected to be available from revenue to finance additional recurrent expenditures, emphasis in the programme has been placed upon self-financing projects as well as loans to local governments and individuals for approved development projects.

Development loan expenditure chargeable to advances totalled an estimated M$59 million in 1955. These advances are partly financed by Treasury Bills, M$59 million of which were outstanding on 31 December 1954. In view of the increased 1955 revenue, it is possible that part of the expenditure may be charged to current revenue and the loan programme modified accordingly. A further development expenditure of M$2.6 million against the 1949 loan was estimated for 1955, and M$42 million was expended against loans authorized but only partly used.

Features of 1955 development were M$12 million for the continued high level of investment in the Malayan railways, M$700,000 for scheduled completion of the last link in the economically vital east-west trunk road, M$6 million for various schemes of the Central Electricity Board including the Connaught Bridge Power Station, M$14 million for housing and M$12 million for public utilities. Housing development is a function of the Federation's Housing Trust and the Federal and Colonial Building Society. Smaller housing projects have been undertaken by government departments for their own staff and by the Rural and Industrial Development Authority (RIDA). A satellite town, Petalling Jaya, near Kuala Lumpur, is under a separate authority for which M$2 million was allocated. The scheduled M$400,000 improvement of facilities at Kuala Lumpur airport was completed by the end of 1955, thus making it possible for international flights to land there; further extension to the airfield depends, however, on a decision to remove the railway line which crosses one approach to the runway.

Under the Emergency conditions which continued in certain parts of the Federation, it is especially important to record not only the big projects but also the smaller aspects of development, especially the contributions of RIDA, the co-operative movement, and the beginnings of a community-development programme.

RIDA is a government corporation charged with stimulating, facilitating, and undertaking both economic and social development; its 1955 projects, which were facilitated by an additional grant of M$1 million from federal funds, include pig farming in Malacca, fishing in Trengganu and copra planting in Johore. RIDA's role in handicrafts, especially in the crafts of the east coast, has been more active as a result of the report in 1954 of an ILO expert.

Kelantan silver-ware and basket-ware are now featured along with other local products in special government-sponsored shops in Singapore and Kuala Lumpur, while a committee has been appointed to consider standardization of production, increased output, and overseas markets in fields where demand is already proved. These are just highlights of many projects and schemes, the total estimated government expenditure on which will reach M$7 million by the end of 1955, while the authority's training programme will require an additional M$500,000. The significance of RIDA is that it reaches down into practically every kampong in the Federation, and, by its decentralized control, element of self-help, and willingness to consider small projects up to M$2,500 on the basis of a guarantee rather than more formal banking security, succeeds both in bringing the idea of development to the people and in associating them in the development process. Unfortunately, a community-development programme, the essential social counterpart to RIDA, has been slow to start. A further hurdle in development is the absence of an entrepreneur class among the Malays. Nevertheless, the opportunities—one might even say the temptations—are being provided for such participation, and Malays are now being financed in many small industries.

While Singapore is Malaya's main entrepot, the value of Penang's export trade showed significant increase in the first half of 1955. Imports increased slightly over those of the last quarter of 1954. Penang's future as a free port was under study in 1955, although it is quite certain that, unless a satisfactory free-trade area can be designated in the port itself, it will be necessary for the entire island to continue in its present status. Import-duty rebates on Penang manufactures using raw materials from the Federation are at present being granted on the basis of individual arrangements upon their reimport into the Federation.

Singapore

Faced with a rapidly increasing settled population, which can be absorbed into existing enterprises only within certain limits, Singapore has turned its attention to the development of industry, particularly small industry. The Singapore Improvement Trust is offering 1/10 hectare sites on its Alexandra Industrial Estate, on which are already housed plants for the manufacture of hats, shoes, pencils, and wine, aluminium-processing works, a printing press, etc. The Alexandra Estate borders the new Queenstown Housing Estate where low-rent blocks of flats are being built. Some of the bigger new factories have been erected on land developed by the Colonial Development Corporation at Bukit Timah, but it is likely that the biggest share of the recent development has been undertaken by private enterprise on land that has been secured by private enterprise.

Among the development projects, the Pasir Panjang power station, with a total capacity of 150,000 kW, will be completed in 1956 and should be adequate for the needs of Singapore industry until 1962-63 as well as for the requirements of the Federation's Central Electricity Board, which buys power in bulk from Singapore for distribution in the Johore Bahru area. Other projects are the opening of the M$38 million Paya Lebar airfield in August 1955, the East Lagoon scheme of the Singapore Harbour Board, which includes the addition of nine berths, totalling 1,700 metres in length, at an estimated total cost of M$40 million, and the M$7 million Kallang Bridge scheme to take traffic from the heavily over-loaded road system to the eastern suburbs. M$3 million of Singapore's development funds were estimated to have been spent in 1955 on the Kallang Bridge scheme.

The development of industry cannot but be affected by the labour unrest in Singapore. In the six month period April-September 1955, over 800,000 man-days were lost in strikes and lock-outs.

Despite the labour unrest and the tariff problem that threatens the intra-Malayan trade in manufactured goods, there are basic skills and facilities in Singapore which cannot be ignored—and they are being improved. The current immigration policy allows entrance of persons earning a salary over M$500 a month, and admits, on a temporary basis, skilled workers with smaller salaries. The purpose behind this legislation is that, as Singapore has a surplus of unskilled and a shortage of skilled labour, alien skilled workers admitted temporarily shall pass on to the Singapore employees their skills and so lay the basis of a highly-trained labour force. In addition, necessary legislation has been passed to set up a Polytechnic Institute, for which steps are being taken to erect the necessary buildings and procure the required skilled staff. Work is going ahead on the building of new technical schools both in the primary and secondary stages. The entrepot activities provide a sound basis for secondary industry based upon the products which enter into this trade.

Singapore's entrepot trade is still growing in importance, although it is especially true that labour costs, affecting as they do all the operations of the port, may determine in certain marginal cases the profitability of dealing with Singapore. Its agency houses and wholesalers provide the "shop window" for South-East Asia; in so far as importers in the area which Singapore serves are agents or branches of Singapore importers, its role as entrepot is assured.

Sterling-area exchange regulations allow the purchase with transferable sterling of all consumer goods available in Singapore and all capital goods except those of US dollar-area origin. To encourage the trade in rubber, exchange-control authorities provide the Indonesian Government with US dollars on a percentage basis, and there are barter arrangements for trade with Indonesia's minor ports. In 1955 import controls were further relaxed on Japanese piece-goods and cement and the list of goods directly importable from the dollar-area was expanded.

Singapore has a total area of 742 square kilometres of which 161 square kilometres consist of the Christmas Islands in the Indian Ocean. Of the 581 square kilometres which include Singapore island and surrounding islands, only 148 square kilometres are used for agricultural purposes. Rubber still covers the largest area—6,410 hectares—but production at 1,380 tons for 1954 is, comparatively speaking, nominal. Singapore's greatest agricultural need is for vegetable production; in 1954 13,000 tons were produced, and several schemes are now being considered to increase production, including the encouragement of co-operative marketing. The cost of reclaiming swamp land, the poor quality of the soil, the need to maintain forest reserves to ensure water supply, and the land requirements of the growing urban area all prelude, however, a significant increase in Singapore's agricultural production.

The most significant feature of Singapore's development in the public sector, and a potential source of future fiscal problems as well, is in the field of social services—educational, medical, and social welfare. Of the M$60 million scheduled to be spent on capital development by the Singapore Government in 1955, two-thirds will be spent on education and social welfare and a further one-sixth on medical services.

Under the Development Plan for 1955, Singapore Government projects account for M$60.6 million or about 46 per cent of the total development expenditure of M$132.4 million. The City Council was scheduled to spend $46.7 million, mainly on public utilities, including the Pasir Panjang Power Station already mentioned; the Singapore Harbour Board $3.1 million; and the Singapore Improvement Trust M$22 million.

The application for land under the above-mentioned development plans is co-ordinated in the Singapore Master Plan, based on diagnostic survey begun in 1952. In August 1955 the passage of a bill which froze land values at the April 1955 level permitted the publication of the Master Plan which had been submitted by the Singapore Improvement Trust earlier in the year.

It is estimated that up to M$500 million will be required between 1956 and 1959 to finance the approved development plans of the Singapore Government, the Harbour Board, the City Council the Improvement Trust, the Telephone Board, etc., of which M$350 million will have to be raised by loans. The City Council, which arranges its own loan finance, proposes to borrow about M$100 million of its total development requirement of about M$160 million. The other agencies, which will presumably continue to depend as in the past on Government for loans to finance their plans, will require not less than M$150 million, of which the greater part will have to be found on the market. The development plans are, however, flexible and if it is found that money is not available expenditure proposals will be drastically cut. While it is true that the current public debt of Singapore is but M$115 million and that the current provision for sinking funds and payment of interest amounts to only M$6.48 million, which is just over 3% of total revenue, and that there is undoubted scope for further borrowing, there is very real doubt, whether, even with the assistance of the newly constituted Central Provident Fund, it will be possible to raise the average of M$80 million a year which will have to be found if the plans are to be fully implemented.

There is reason to believe that the prospects of increased recurrent expenditure arising both from the implementation of the plans, particularly those relating to the social services, and from the normal growth of the cost of Government, are even more disturbing. The report of the International Bank Mission contains a warning, but since then developments have made the position seem more difficult. There is in fact the very real possibility that expenditure to be debited to revenue will increase so much in the next few years that it will in the end be found impossible to finance the development plans at present rates and to planned standards. The Government of Singapore is likely to follow orthodox financial policy and to endeavour to hold recurrent expenditure including the cost of servicing loans for capital expenditure, at a figure which can be covered by existing revenue, supplemented by such additional taxation as is found possible.

The International Bank Mission has pointed to the need for increased taxation, specifically a higher and progressive income tax, and increased charges for medical and other Government-provided services. These recommendations are being considered by Government, and it seems possible that since they are the only serious alternative to slowing down plans on improved social services they will be accepted. The Singapore Government has also arranged with the aid of the International Labour Office for an expert to visit Singapore to prepare the framework of a scheme which would place part of the burden of the enlarged social services on the shoulders of those who enjoy them by means of statutory contributions.

Revenue for the 1955 budget has exceeded estimates as a consequence of the high price of rubber and the consequent rise in business activity, which had, by mid-year, added approximately M$2 million to revenue from import duties on liquor, petrol and tobacco. Income tax receipts are often two years behind, and were, in fact, below the estimates at mid-year. However, in view of the over-estimation of public-works expenditures, the actual budget deficit for 1955 may be less than was expected.

The cost-of-living index showed a small decline during the first seven months of 1955, and it was obvious that the increased rubber price was not having the immediate inflationary effect it had in 1951-52; the imposition of the anti-inflationary cess in June 1955 seemed to have helped the situation further.

(To be Continued)

INDUSTRIES OF THAILAND

Lacquerware

Lacquerware is one of the most distinguished handicrafts of Chiengmai. To make this kind of ware, bamboo is first woven into shape and size desired. Then the black sap from a tree called "rak" (or natural lacquer) is applied all over. Few days later, when the rak is dry, the articles are scraped by hand turner to get rid of the rough surface. Then the "smook" or paste, a mixture of ground powder and rak, is again coated all over. When the coated materials are dry, the articles are rubbed with a flat stone or sand papers. Then the process is repeated at least 3 times or more until the surface of the articles is smooth. The articles are finished by rubbing with burnt deer horn or rubbing powder to make them shine. The well-lacquered articles are sent to designers for decoration. A sharp pointed iron is used for engraving design. Then they are inlaid with various colours. Gold leaf is generally used in decoration, but special care must be taken and only skilled workers can do it.

Weaving

In former days weaving fabric for using in the family was a traditional one, but now it is practised only in rural areas. Most of the weavers are women. Besides weaving cloth for domestic use, brocade and some beautifully intricate designs are also practised. This kind of cloth is carefully woven and is the pride of the weaver. In weaving cloth for ordinary day wear, coarse cotton yarn of home make is used. The cloth is not so beautiful but it is durable. Imported yarn is also used. In rural areas common hand throwing looms are still in use. The operation is very slow but it is suitable for intricate design. The weaving is usually done in leisure time after harvest. Silks used in weavings are either imported or locally made, sometimes silk yarn for warp is imported and for weft is indigenous. The indigenous silk, having irregular shape of fibre, makes the cloth look really handicraft.

Jug Making

At first a lump of clay is beaten and sieved with fine cloth, then it is mixed well with water, crushed and pressed into jug-shape with a mould turning by hand, after jug is dried in the sun. It is burnt with rice-husk for 4-5 days. The jug's body and neck are separately made and then joined together into one piece. To make silver cover, a lump of silver is melt, then pressed into thin sheet and beaten into designed shape. It is usually finished with decorative designs.

Wooden Articles

Wood carving is a traditional handicraft of Thailand. It still exists in the north particularly in Chiengmai and Lampoon. A wooden block is first cut and carved into shape by hand. Teak wood is one of the essential raw materials. Fresh wood must be dried in the sun about a fortnight before processing otherwise it will shrink and the the quality will be spoiled. The size of wooden elephants ranges from 1 to 40 inches high, the tusks can be made from soft wood. The decoration and colour inlaid are processed at the end.

Niello

The fascinating story of Niello dates as far back as the 4th Century B.C., when Niello was used by persons of high rank as their most beautiful and treasured ornaments. Renowned artists like Benvenuto Cellini produced some magnificent examples of Niello on gold and silver, and many specimens of this art from medieval times enrich the museums and cathedrals of Europe. Unfortunately, this delicate and minute art has become almost extinct. It survives in Thailand, where only the most skilled artisans still practise the intricate processes used in the making of this unusual jewelry. Producing a fine piece of Niello is an operation calling for great skill, patience and precision. First the designs are engraved upon the smooth surface of the sterling silver. The background is tapped down, and filled with Niello, a black metallic amalgam consisting of several metals. The piece is then carefully heated over a charcoal fire until the black filling fuses. After it has been cooled, the surface is filed down and highly polished until it presents the appearance of smooth jet black metal enriched with an exquisite design of vividly contrasting silver. The dramatic designs used to ornament Thai jewelry are varied and unique. Most of the figures represent ancient mythological characters from the epic of Rama.

Rush Rugs

In Thailand, rush is made into various articles such as Rush Rugs & Rush Mats. The grass or rush used for rugs is grown in the middle part of Thailand. Its fibre is so soft and fine that it is used for matting for beds and rooms. Before it is made into rugs the grass is first dyed in different colours, then braided and sewn into rugs. Rush rugs are hand-made by skilled women under careful management.

Hand-Made Articles

Sandals and Bags are made from first class palm-leaf which is grown in Thailand. Leaves are split into small pieces and dyed into different colours, then twisted or woven in a big sheet of various sizes. To make it fine and decorative designs and shape should carefully be given, and the form of the sandal must be prepared. These articles are hand-made under technical supervision, and the goods are checked before leaving the factory.

Bronzeware

Bangkok is one of the cities in the world where the ancient art of tempering bronze is still practised. For years Thailand has been producing hand-made bronzeware of fine workmanship. The bronzeware is impervious to fruit acids. Knives and spoons are produced for tropical use, particularly for fruits. Today these venerable Thai designs are adapted to bowls and tableware suitable for modern living. These products are quite popular in modern homes all over the world for its beauty, its quality and its dependability.

Ceramics

Pottery has been existing for a long time in Thailand and usually is made by hand. Shaping and firing are primitive. Clay as raw material is procurable in the vicinity of potters' community, and therefore its cost is low. Pottery is merely of cottage industry which has been practised for the past hundreds of years.

Bamboo Work

Thailand is a country of abundant bamboo. It can be made into various products, most of them for domestic purpose. Basket work from bamboo is the most well known handicraft for it exists in nearly every village. Bamboo is easily attacked by wood-boring insect so it is first steeped in water for a certain time before use. For basket work it is made to strips and then woven into designed shape and size. They can be woven alone or mixed with rattan to make it more attractive and durable.

Paper Umbrella

Umbrellas are necessary for people in tropical & monsoon countries like Thailand. Paper umbrella industry which exists in the northern part of Thailand (Chiengmai) is famous in producing such product. This industry can be classified as cottage industry. Most of the process is of manual work. The raw materials in paper making are bamboo, wood, hand-made paper, starch, yarn & drying oil. Bamboo is made into thin strips of suitable length by hand to make long & short ribs. Ribs are laced together by yarn to ribs holder to make umbrella frames. Piece of hand-made paper is pasted on the umbrella frame (long ribs) and starch is applied all over the paper to let it dry in the sun. After this drying oil is applied all over again to make it water-proof. After the umbrellas are dried, pieces of turn wood or bamboo of small species are inserted to make umbrella holders. Some of these umbrellas are painted with various figures and ornaments.

Gunny Bag Factory

Thailand's yearly exportation of rice amounts to 1.2 million to 1.6 million tons to the world market, which requires 12 to 16 million gunny bags for her external trade. Also for her internal trade in rice, sugar, beans, copra, charcoal and other commodities it is estimated that 8 to 12 million gunny bags are consumed annually. The total requirement is at present about 20 to 25 million pieces per year. The first Gunny Bag Factory was established in 1949 by Ministry of Industry at Bang Krasaw, on the Bank of Chao Phya River, Nondhaburi, 22 kilometers north of Bangkok. This pilot plant has a capacity of producing about 1,500,000 bags per year (300 work days 8 hr. working). The output of the Bang Krasaw Factory reveals that it can compete favorably both in quality and price with the imported gunny bags, and thus brought down the price of bag from 14 ticals to 5 ticals. Because of this, a pilot plant worth only 23 million ticals can save 280 million ticals out of the total value of the importation of gunny bags in the first and second year of its production. Two more Gunny Bag Factories are in operation now, one located in Saraburi, under the name of Thai Gunny Bag Factory Co., Ltd., owned by Thai War Veteran Organization, the other in Nakorn Rajsima, owned by Taharn Samaggi Co., Ltd. Both have a capacity of 1,500,000 bags per year, the same as Ministry of Industry Factory's capacity. Even though all machineries, equipments and parts of Bang Krasaw Factory are supplied by foreign companies, it has been operated by Thai staffs and workers.

Rice Industry

To appreciate the importance of Rice to Thailand, one needs bear in mind only two facts: firstly, that rice is Thailand's principal product and her people's staple food, and secondly, that it accounts for more than 60 per cent of her export trade. Physical and climatic conditions of Thailand are specially suitable for rice cultivation. Rice is grown in every one of the entire seventy-one administrative Provinces of Thailand. But the chief seat of the industry lies in the Central Plain watered by the Chao Phya River, the main artery of Thailand, and by its daughter rivers and tributaries. It is this Central Plain that supplies most of the rice for export.

Rice is grown both under natural conditions and by a systematic irrigation system. This is to say, the former depends on rain for giving the crop a start, and, later on, the inundation of the crop is attained either by the natural overflow of the rivers and streams, or by the run-off waters from the hills and forests. The water flows from both sources with considerable quantities of natural plant food to keep up the fertility of the soil, which otherwise seems comparatively poor. The latter is grown by mechanical irrigation system undertaken by the Government. The implements employed in rice cultivation are simple. These consist of a plough made of hardwood, attached with triangle shaped iron share, and harrow, which is a rake with teeth made of hardwood and steel, drawn by buffaloes or bullocks. The modern mechanical farming equipments, i.e., such as ploughing and threshing machines and irrigation pumps, also have been successfully introduced. While the paddy is growing, labour is needed; nothing is done beyond a little bird-scaring by children until the harvest time. With the approach of the reaping time, however, all become busy again. As a rule, each man ploughs his own land, but the planting and reaping are usually done with the aid of his neighbours, the whole village turning out and working together on each owner's field in turn.

Practically all the rice sold in the world market comes from Thailand, Burma, and Indochina. Although Thailand ranks second in the quantity exported, the quality of her rice is widely acknowledged as the best in the world. In the Rice Competition Section of the world's Grain Exhibition and Conference held at Regina, Canada, in 1933, Thai rice was awarded the 1st, 2nd and 3rd prizes, together with 8 others, out of the total of twenty prizes. The quantity of rice and rice products exported in a normal year amounts to about 1,600,000 to 1,700,000 metric tons. The record 1,900,000 metric ton figure was reached in the 1934 export season. The principal countries to which Thai rice is normally exported are Japan, Singapore, Malaya, Hongkong, Indonesia, Ceylon, and the Philippines, accounting for 70% of the total; the remainder goes to Europe, chiefly the United Kingdom, the Netherlands, Germany, together with Cuba, the West Indies, South America; and also to South Africa, Portuguese East Africa and the Netherlands East Indies. Nearly all of the shipments of rice for export is done in Bangkok, although some export is made directly from the southern part of the country. The season for such export trade begins in December each year.

In the trade, rice is classified into 3 broad categories, namely, White Rice, Broken Rice, and Cargo Rice. Rice can be milled to various degrees, but if milled to a high degree, it is generally called "White Rice", which is commercially divided into the following grades, viz:— 1. White Rice 100% is milled from the very best selected qualities of paddy. The milling must be perfect, and no traces of red grains, chalky grains, and foreign matters must be left.

2. White Rice 5% is milled from the paddy slightly inferior to that used for the 100, i.e., generally, the grains may be a little smaller, with about 5% of broken grains. 3. White Rice 10% is milled from the general rice crop of the country. The milling is slightly poor in comparison with those of the two previous grades, i.e., a few red grains are allowed, with about 10% of broken grains. 4. White Rice 15% is similar to the 10%, but the milling may be slightly poorer, with about 15% of broken grains. 5. White Rice 20% is milled from the paddy inferior to that used for the 15% with allowances for more chalky grains and red grains and about 20% of broken grains. 6. White Rice 25% is milled from the paddy of still inferior quality, with about 25% of broken grains. 7. White Rice 35% is quite similar in quality to the White Rice 25% except for a higher broken rice content.

The term "White Broken Rice" is used for milled rice, consisting of broken grains smaller than about three quarters to half of the whole kernel. Various classifications of broken rice are in use by the trade. The standards for

White Broken Rice in the export trade as established in Thailand over a period of time are as follows:— "A1" Grade: There are three classes of "A1" Grade; i.e., "A1" Super, "A1" Special, and "A1" Ordinary. These are the trade name for White Broken Rice of the best quality, consisting of the largest broken grains about three quarters to half of the whole kernel which is produced when milling White Rice of superior quality, i.e., the White Rice 100%, 5% or 10%. "C" Grade: Four grades of inferior White Broken Rice as established in the trade are as follows: "C1" Special, "C1" Ordinary, "C3" Special, "C3" Ordinary.

The term "Cargo Rice" applies to rice from which only the husk has been removed, retaining the bran layers and most of the germ. It is also called "Brown Rice" or "Hulled Rice" in some countries.

Salt

At present annually about 250,000 metric tons of Salt is produced. Sea water is the main source by which White Coarse Salt is farmed. This is by Solar evaporation. Rock or earth salt is mined in north-eastern part of Thailand, but this is negligible for any consideration of trade purposes. The area which forms the Salt belt is located around Lat: 13°N and Long: 100°E on the northern side of the Gulf of Siam, stretching over an area of about 200 kilometers in width almost plain but, here and there with scattered swamps and marshy fields easily can be reclaimed. The total area comprises of approximately 9,500 hectares of Salt producing farm land. Salt cultivating season begins commonly in the latter part of November when the rainy monsoon over Bangkok area and its adjoining nearby districts comes to an end. Harvesting will be finished by the middle of April. Sodium Chloride content is about 88-89 percent. Out of average annual production of 250,000 metric tons, approximately 70,000 metric tons are consumed locally, so that the remaining quantities are available for export (about 80,000 metric tons to Hongkong and about 1,000,000 metric tons to Japan).

Salted Pla-Thu

Among the exported salted fish product of Thailand, salted Pla-thu is the most important and popular one, because of its special flavour and its good keeping qualities. Thai salted Pla-thu is very rich in vitamin, protein and mineral salt and the price is very reasonable, therefore every household can have it as a staple food for daily use. The material used for making salted Pla-thu is "Rastrelliger chrysozonus". This fish is very oily in one season and rather lean at another; this is probably due to the spawning season of Pla-thu. The fish that is caught not far from the mouth of the river during the month of October to January is very rich in oil, instead of the one that is caught from February to September is very lean. The principal fishing gear used for catching Pla-thu in Thailand is bamboo trap (Poh) and purse seine. Nearly all year round Pla-thu is found everywhere along the East and the West coast of Thailand. The usual fishing season begins from October to January. From fishing ground to salteries or to market, the fish are packed well in ice, that keep them from autolysis and putrefaction. Sea salt is usually used in the making of salted Pla-thu.

When the fish arrives at the salteries, and after the gill and viscera are removed via the throat, the fish is then washed with sea water. Before salting, some processor use to drain off the blood from the fish by keeping it in weak brine for one hour, thus giving a much better product. Salting is done mostly in wooden vats, tubs or concrete tanks. The fish is put in tank in alternate layers with dry salt. One part of salt to three parts of fish is commonly used. After 3 to 4 days of salting, the fish is removed from the tank, washed in sea water and dried in the sun on mats or flaskes. Sometimes the salting period is continued to two or three months, if they have to wait for the market. Usually it takes two days to dry the fish. Thai salted Pla-thu is usually packed in wooden case or in large bamboo crates for delivery in the country and special packing is made in wooden boxes lined with metal foil for exporting to overseas countries.

Usually a good quality of salted Pla-thu contains: Moisture 44,0%, Ash 16.6%, Protein 24.2%, Fat 17.1%, Crude fibre 0.1%, Calories 246.7% per 100 gr. In Thailand, cooking of salted Pla-thu in usual way is by roasting or frying. It is then eaten with cooked or boiled rice. Sometimes the roasted or fried fish is seasoned with onion, chilli and lemon. Salted Pla-thu are mostly exported to Indonesia, Malaya, Singapore, Indochina, Burma, India, Ceylon, Laos etc.

Thai Salted Fish Products Exported from 1948—1954

Years	Salted Pla-thu tons	Other kinds of salted fish tons
1948	205	475
1949	6,075	891
1950	20,302	684
1951	19,022	3,953
1952	19,803	1,879
1953	16,216	1,691
1954	23,254	2,843

THAILAND'S TRADE IN 1955

By V. Nivatvongs

There can be no doubt that the improved economic situation in Thailand in 1955 is mainly due to the increase in the volume of foreign trade of Thailand during that period. In 1955 Thailand exported a total value of 7,164 million baht of goods and imported a total value of 7,415 million baht; whereas in 1954 its exports valued 6,249 million baht and imports 915 million baht. Hence the balance of trade in 1955 shows a deficit of 251 million baht while in 1954 a deficit of 776 million baht. If we take into account the grant in aid which Thailand received in the form of goods, whose value was about 500 million baht, the balance of trade would show a surplus of 250 million baht instead of a deficit of the same amount.

Thailand in 1955 exported 15% more than in 1954. This was largely due to the increase in the exports of rubber, tin, teak and rice whose values were 690, 95, 53 and 20 million baht respectively higher than those in the corresponding period. However, the ratio of the value of export of rubber, tin, teak and rice to the value of exports in 1955 was 25%, 6%, 5%, and 45% respectively; whereas in 1954 the ratio was 18%, 5%, 3%, and 50% respectively.

Thailand imported in 1955 6% more than in 1954. Imports consist mainly of manufactured goods, petroleum, chemicals. Imports increased every year since 1948 which

TOURIST ATTRACTIONS OF THAILAND

The Pathom Chedi at Nakorn Pathom: This sanctuary whose name means foremost (in reference to its size) was first built in the 5th century of the Christian Era, approximately the 10th after Buddhist reckoning, the purpose being to house a sacred relic of the Buddha. Being the work of the Indianized Mon people, it took the form of an Indian stupa possibly surmounted by a spire. Later, during the Khmer domination, it was transformed into a Brahminical institution in Brahminical style, and the stupa, having fallen into disrepair, was restored. Instead of being capped with a Chedi spire, however, it was crowned with a prang 40 metres high. More than 800 years afterwards, when King Mongkut, of the Fourth Reign of the present Dynasty, resolved to restore the sanctuary, which was then thickly overgrown with vegetation of all forms, it was decided to rebuild it in the form of a Chedi. Work was started in 1860 and the enormous bellshaped structure rose, clearly visible for miles around. The new structure was superimposed on the old stupa. The top of the Chedi is 115 metres above ground-level. Within the precincts of the sanctuary there are relics of Buddhism. Together with its surrounding districts, Nakorn Pathom has a population of a quarter of a million. It is 48 km. from Bangkok.

Hua Hin: One of the finest seaside resorts in South-east Asia. There is an up-to-date hotel, standing on a slight prominence overlooking the sea. It is patronized all the year round by holiday-makers. There are a number of bungalows, which are always occupied in the hot season (March-May). During the cold season (November-February) it is ideal. The mornings and evenings are cool; there is constant breeze and the air is dry and stimulating. The tennis courts are in good condition and an eighteen-hole golf course is one of the best in this part of the world. One can reach Hua Hin by train or motor car at a distance of 214 kms. and 232 kms. respectively; also by air. A royal villa is near the small town of Hua Hin.

Nakorn Srithamaraj: Has many beautiful and interesting sights. Temples are numerous and well maintained. Wat Mahathad, the most notable temple of the town, is over one thousand years old. The town itself is clean and the streets are well looked after, lighted with electricity. About 20 miles outside the town is a beautiful water-fall, the "Kah Rome". Nakorn Srithamaraj is the home of perhaps the most distinctive Thai art, "niello" which has been practised in the country for over eight centuries and in which a high artistic level has been attained. "Lakorn" the Thai dramatic performance, probably originated there for Nakorn Srithamaraj is sometimes called Muang Lakorn.

Songkla: The town is said to have been founded by the Spaniards who landed there 400 years ago and who, struck by the natural beauty of the place, named it Singora after a town in Spain. Songkla is situated at the mouth of an inland sea, on the east coast of the peninsula; it has many atractions as a holiday resort: a beautiful long white-sand beach dotted with pine trees. There is "Koh Yor," an island of the inland sea, the Royal pavilion on top of the hill overlooking the whole town with the inland sea as background. Being an old town, Songkla has many temples and monuments and many traditions and manners which are peculiar to Southern Thailand. Fairs and festivals are held at frequent intervals and bull-fighting forms one of the most popular entertainments for the populace. Haadyai, the gateway to Songkla, a very important railway junction, contains about 18 hotels, where facilities are better than in most towns in Thailand. The Railway Hotel and a few others are modern and relatively inexpensive. From the town of Songkla there is an asphalt road leading to Haadyai junction. The road is well maintained and runs parallel to the railway in many places. Both the rail and the road pass through a beautiful and slightly hilly country. Songkla is 959 kms., from Thonburi Railway Station, and can be reached by air, sea, and rail. The Thai Navigation Co. maintains a steamer service.

Ayuthya: An old capital and a historic city which is usually included in every itinerary for sight-seeing and holiday excursion. The city is easily accessible from Bangkok by rail or river. If one travels by train one has to take a ferryboat across the river to the town. About 1893 of the Buddhist Era King U-Thong built up Ayuthya and a canal was cut. Thirty years later owing to the strong tide, Ayuthya came to be a city surrounded by rivers. The principal sights of Ayuthya are the gigantic bronze statue of the Buddha at Wat Pra Sri Sanpet, the Royal Palace, Khun Phaen House, Srisuriyothai Monument, Wat Prachao Panangcherng, and the Museum. From Bangkok to Ayuthya is 72 kms. by train, 90 kms. from Bangkok by highway.

Bang-Pa-In: The country seat of the Thai Royal Family surrounded by a lake 400 metres long, 40 metres broad. It is a place which is crowded with visitors every week. There are five important royal mansions or pavilions, a shrine, and two temples. The famous pavilion is the one that stands in the middle of the lake, called Pra Thinang Aisawan Thipa-ast.

Lopburi: An ancient city, was called LAVO in the seventh century. In 1665 King Narai made Lopburi his summer residence. Many constructions were made such as the Royal Palace and water pipes by French architects and engineers. The principal sights of Lopburi are the famous Triple Prang, King Narai's Palace, Constantin Phaulcon's Residence, the Museum, and a large elephant kraal. Lopburi is one of the major attractions in point of tourist interest. It can be reached by either train or motorcar. Lopburi is 133 kms. away from Bangkok by train, and 154 kms. by motorcar. It is one of the principal military areas of Thailand.

---

indicates the ever-increasing demand of the people for foreign products.

39% of Thailand's trade in 1955 was with the sterling area countries, 29% with the United States, 18% with Japan and 14% with other countries of the world; whereas in 1954, 41% of its trade was with the sterling area countries, 22% with the United States, 22% with Japan and 15% with other countries of the world.

The immediate task which the Government must undertake is to adopt measures for the expansion of export trade. The country cannot depend upon a few primary products for export indefinitely. It must find out what type of products could be promoted for exports.

Quantity and value of main products which Thailand exported in 1954 and 1955:

	1954		1955	
	Quantity (thousand metric ton)	Value (million baht)	Quantity (thousand metric ton)	Value (million baht)
Rice	1,001.4	3,144.4	1,245.9	3,152.5
Rubber	136.2	1,108.7	134.2	1,800.0
Tin	13.8	345.5	15.2	415.0

Pitsanuloke: A city of one of the oldest temples in Thailand containing a famous image of Buddha called "Pra Buddha Jinaraj." The image is said to be 600 years old. It is rightly held in veneration, for it is certainly the most beautiful image and few visitors can resist its mysterious charm or the prevailing calm and holy atmosphere. The distance is 389 kms. by train from Bangkok Station. Good air services are run.

Chiengmai: Chiengmai the second largest city of Thailand has a population of 540,000. Chiengmai is a city of beautiful and interesting temples built on a broad and fertile plain watered by the clear stream of the Me Ping one of the northern branches of Menam. Chiengmai was founded in the 11th century by Meng Rai, a Thai chief. Subsequently it became the centre of a large kingdom, and very often the point upon which the struggles between Burma and Thailand converged. The town is surrounded by massive walls and ramparts; it has well laid out streets and shady avenues. Chiengmai is the most important centre of the teak industry. Being the capital of the North, it is looked upon as the head station by several companies. Like practically all other towns in Thailand one of the chief products of Chiengmai is rice. In addition to rice, the other products grown are cotton, sugar-cane, indigo, beans, and all kinds of vegetables. The climate of Chiengmai is suitable for many species of cold climate plants. Chiengmai's roses are well known for their extraordinary size and colour. A great number of Chiengmai's population engage in handicrafts, of which weaving, pottery and silverware and lacquerware manufacturing are the leading ones. Visitors to Chiengmai seldom resist the temptation of purchasing some of these products for souvenirs. The workshops where these products are made can be visited. The American Presbyterian Mission has a large headquarters there. The Mission manages a school, a hospital, a nurses training school and a leper asylum. The works of the missionaries in Chiengmai proved most beneficial to the population. Chiengmai has numerous temples and objects of interest for the visitor. Among the many temples, Wat Phra Singh and Wat Chedi Luang are the two outstanding ones. Wat Chedi Luang was at one time the most important temple of Chiengmai and ranks as one of the grandest in Thailand while Wat Phra Singh, which was constructed in the 14th century, is still maintained in excellent condition. This temple contains a collection of fine buildings. The burial place of the ruling princes of Chiengmai at Wat Suan Dok is of considerable interest.

Sukhothai: The twin cities of Sukhotai and Sawarngalok are amongst the oldest towns of Thailand. Sukhotai is easily accessible by road. These two cities are famous for their ancient ruins and edifices. Sukhotai is known as the first capital of the Thai nation. The first independent King of Thailand (Sri Indratitya) was proclaimed at Sukhothai about the middle of the thirteenth century. His son, Ramakamhaeng, who reigned at the end of the thirteenth century, has left us a most interesting account of affairs during that period. In the middle of the XIV century Sukhothai was compelled to accept the suzerainty of Ayudhya, the new Thai capital in the South. Sawarngalok flourished at the same period as Sukhotai. The site of the original city is about 16 km. upstream north of the present town. Many of the monuments and shrines were built of laterite blocks, said to date back two thousand years and showing in their style of architecture a distinct connection with the ancient temples in different parts of India. In the days of Sukhothai's prosperity the art of making porcelain was introduced. Porcelain kilns were established and the industry persisted there for six or seven centuries.

TOURIST ATTRACTIONS OF THE PHILIPPINES

By Modesto Farolan

(President, Philippine Tourist and Travel Association)

Manila is a convenient starting point for all tours, for it is still the country's premier attraction, as it is our tourist spot with the most adequate facilities. It has an interesting history as a city and for an Oriental metropolis it is unique, a welcome change in the mysticism and somnolence of the East. Its historic relics, many ravaged by the last war, are abundant. Its recovery from devastation is something that easily impresses the visitor who had seen Manila. Fort Santiago is now a memory and Intramuros a sad sight. But there is new vitality in the city's rebirth. Malacanang still dominates the scene that takes in schools and colleges, churches old and new, lively public markets and dainty stores, coffee shops and "panciterias", and jeepneys by the thousands where "calesas" used to roll. Modern new hotels provide first class accommodation and new parks like "Balara" and "La Mesa Dam" offer recreation. Society and business find joy in their many private clubs. In the night spots there is fine music, dancing and excitement for all.

It would be proper to try to discover what there is in the Manila Bay area to know and to see. There is the bay to watch at sunset from the Luneta and Dewey Boulevard. With Bataan, Corregidor and Cavite, the bay horizon is bathed in flaming gold. Corregidor stands guard at the entrance of Manila Bay and next to it to the right is Mt. Mariveles on Bataan. Everyone knows what Corregidor and Bataan stand for today. They are shrines to freedom. At the end of the beautiful boulevard named after Admiral George Dewey whose victory over the Spanish fleet was the great event at the turn of the century, are Paranaque and Las Pinas, the latter with its 100-year old Bamboo Organ, the most unique musical instrument of its kind in the world, installed in the choir balcony of an old Spanish mission church. Zapote bridge in Bacoor wrote history in both the revolution against Spain and in the Filipino-American war that followed. Kawit is the home of General Emilio Aguinaldo, the living hero of our revolutionary wars. His family residence is a Mecca to visitors from everywhere, especially on June 12 when his proclamation of Philippine Independence from Spanish rule in 1898 is commemorated. At the end of the road is Cavite City and Sangley Point, headquarters of the U.S. Naval Command in the Philippines.

Branching off the Cavite road beyond Las Pinas is the concrete cement highway to Tagaytay Ridge, our best known tourist resort. On the ridge is Tagaytay City, the heart of which is Tagaytay Lodge, from which one can enjoy the impressive panorama of Lake Taal and the crater of Taal Volcano in an island in the lake, one of the world's most magnificent sights. The temperature is cool and the view of land forms and several bodies of water—the China sea, Balayan Bay, Batangas Bay, Laguna Lake and Manila Bay—is majestic. Going east from Las Pinas towards Laguna, there are vast vistas of typical Philippine countrysides; there is the Alabang laboratories where all the serum for Southeast Asia's war against human and animal diseases is manufactured; there are stock and poultry experimental farms. A little off the road at Canlubang is the Canlubang Sugar Central, a model farm, with its cane fields and mill, its coconut plantation and copra processing plant, its dairy farm and its large recreational grounds.

Further beyond, again a little off the main highway is Calamba, the birthplace of the Philippines' national hero, Dr. Jose Rizal. The historic residence of the Rizals, which has been restored with funds raised by school children's subscriptions, is today a museum of Rizaliana. All the Philippines come here to pay homage to the memory of the martyr of Bagumbayan.

The famous hotspring area along Laguna lake is in Los Banos. Either at Pansol, at Camp Eldrige or in the town proper, there are thermal baths that respond to public need. Outside of town, up the slopes of Mt. Makiling are the Colleges of Agriculture and Forestry, of the University of the Philippines, with their beautiful campuses, farms, nurseries, and botanical gardens, which are without peer in their wealth of vegetation and color. Mt. Makiling is a national park and boasts of the world's richest collection of tropical and sub-tropical flora.

Further beyond is Pagsanjan, reached by the lake-road passing through Santa Cruz, the capital of Laguna province, with its gorge and on whose steep sides are cascading greenery and the rapids that provide a thrilling banca ride. Pagsanjan falls is the goal of this tour.

In May, specially to the religiously-inclined, a pilgrimage to Antipolo is a desirable experience. The seat of the shrine of Our Lady of Good Voyage, Antipolo, in its mountain setting, is an attractive spot. "Hinulugang Taktak" is a favorite nook for lovers, hikers and picnickers after attending religious services in church. But the day can be more profitably spent with a further tour of the areas beyond Antipolo through the rich foliage of the Teresa zigzag that overlooks Laguna Lake, past the Elizalde marble quarry and works, to Cardona and by banca to Jessie Bello's island retreat, "Cielito Lindo," for welcome isolation from the world amidst pleasant surroundings. The return to Manila can be made through Binangonan past the Rizal Cement plant.

* * * *

There are two choices of a trip to Northern Luzon. One directly leads to Baguio and the Mountain Province. The motorist derives the utmost out of easy driving over the country's finest highway through Central Luzon and the country's rice bowl, past Bulacan and Pampanga, Tarlac, Pangasinan and up the Kennon road to Baguio, the City of Pines, better known as the summer capital. The other is through the Cagayan Valley road to Nueva Ecija, the granary province and via the San Jose-Santa Fe mountain highway pass into Nueva Vizcaya, Isabela, Cagayan and around the northern tip of Luzon, down through the Ilocos provinces and back to Central Luzon and Manila.

What does a trip to Baguio and the Mountain Province offer? If it were rice-planting season, one can always see along the road through Bulacan, women farmers, almost knee-deep in paddy mud, planting rice and moving in unison to the tone of a guitar and sometimes a brass band. This is both a ritual and an entertainment that lightens the back-breaking task of bending the body low to stick sprouts of young rice into the watery soil. It is a unique sight worth all the trouble to see. Anywhere in Bulacan and Pampanga, one cannot lose sight of symmetrical Mt. Arayat, standing alone and stately amidst a vast plain. The motor drive through town after town and barrio after barrio past the country's most extensive rice-fields takes from three to four hours before the thrilling climb up the scenic Benguet or Kennon road begins. The road winds along hillsides, around mountains over precipices and deep gorges and ravines and up steep slopes following the trail. Baguio is reached within an hour after the start of the mountain drive. Here's the Orient's most lovely playground and delightful vacation land, with an atmosphere that breathes of the temperate zone.

In Baguio City is Burnham Park, the Country Club and its golf courses; Camp John Hay with its gorgeous gardens and the U.S. Embassy residence; Teacher's Camp; Mansion House and its Wright Park; Mines View Park and the gold mines below, the Philippine Military Academy on Del Pilar Heights in Loakan and a colorful market with its Sunday flood of Igorots in native attire selling their wares or doing their week-end shopping. Within easy reach from Baguio is Trinidad Valley with its farm school and truck farms, Ambuklao and its dam, artificial lake and hydro-electric plant; Asin and its hot spring baths.

On the Mountain Trail (Halsbema Highway), the ultimate destination of the traveller is Bontoc, a modern town famous for its Igorot village. The trip, though somewhat tedious, offers many thrills, for it goes through rugged mountain country and forest land. From Bontoc, the Ifugao Rice Terraces, the Philippines' most gigantic showplace, can be reached in two hours or less. This vast monument to the ingenuity and industry of a supposedly primitive people consists of terraces up the entire sides of mountain ranges, extending miles and miles up and across.

From Bontoc and Banaue, an exit can be found through Bayombong into the Cagayan Valley road or through Cervantes into the Ilocos provinces. Through Cervantes, the great battleground of World War II at Besang Pass, where Yamashita and his armies finally lost to Filipino soldiers and Tirad Pass where General Gregorio del Pilar fell protecting General Aguinaldo's retreat route towards the end of the Philippine-American war, can be easily reached.

From Baguio, the tourist can go on an easy drive down to San Fernando, La Union, for an exhilarating dip in the surf waters of Miramonte Beach on Lingayen Gulf, where MacArthur made his surprise landing to liberate Luzon in 1945. Or he can continue around the gulf through Dagupan, the gulf region's busiest trade center, to Alaminos and the Hundred Islands, with its beach for swimming and diving.

One can also from San Fernando drive up along the Ilocos coastline through industrious and peaceful communities, where the population thrive on small farms in narrow coastal plains hemmed in by mountain ranges. Beyond the Quirino bridge over the Abra river is Vigan, a most interesting place. It is a typical old Spanish town, with its ancient stone-houses crammed in a small area, its narrow streets and its aristocratic residents.

Farther north is Laoag, a rapidly expanding educational center serving all of Northern Luzon. Its long steel bridge, second longest in the country, and its massive church bell tower, are its chief landmarks. On the farthest northern tip of Ilocos is Bangui, where is an excellent resthouse within sight of a delicate-looking thread of waterfall and the turbulent China sea. The Bangui-Claveria road, which hugs the craggy sides of the plateau that dominates the Balintang Channel separating the Batanes group from the mainland, connects the Ilocos to the Cagayan Valley. Here the farmers of the Ilocos trek back and forth to the valley in endless caravans of their characteristic "covered wagon" bullcarts.

The Cagayan Valley has often been looked upon as the Promised Land to many settlers and homestead seekers. It is extremely rich. First famous for its tobacco that has kept Manila's cigar and cigarette factories busy and profitable for centuries, it now produces the best varieties of narra. It may soon bloom with new wealth out of oil, for it is the center of oil explorations. Its great river and its fleets of river boats and rafts are a wonderful sight. But the most impressive of valley panorama are the tobacco plantations, neatly laid out and carefully tended.

* * * *

A trip through the Bicol region in Southern Luzon has to be made by rail or by air. The Manila Railroad's air-conditioned train to Legaspi takes 11 hours from Manila. By air the trip lasts two hours. The train takes the traveller through endless coconut groves, virgin forests, and mountain scenery. Naga, in Camarines Sur, is a famous pilgrimage center, with its miraculous image of Our Lady of Penafrancia attracting thousands from all over the country every year. Both Camarines provinces comprise a rich mining region.

Legaspi is Bicolandia's most promising tourist center, with beautiful Mayon almost within grasp, the Tiwi Hot Springs and the ruins of Kagsawa, which are all that remain of a town buried in ashes and lava during Mayon's early eruptions. The drive up the volcano's slopes is a memorable experience. The view from the rest-house is beautiful.

Mt. Bulusan's extinct crater in Sorsogon is one of nature's best gifts to Philippine tourism. The lake inside the crater is dressed in rare raiments of lush foliage. It will be a good vacation retreat when fully developed and made more easily accessible.

* * * *

Outside of Luzon, the tourist finds a different but equally rewarding experience. Sailing out of Manila bay on an inter-island steamer, he cruises through limpid seas between islands large and small. He goes through channels as narrow as an ordinary highway but deep and navigable even for ocean-going vessels. In Mindoro is Puerto Galera and its extensive marine gardens and zoological observation station. Mindoro itself is best known for the only big game in the country, the fierce Tamaraw, a variety of wild carabao, which can only be found in its deep forests.

Marinduque and Romblon are now best known for their mineral wealth, the former being rich in gold, copper and iron, which are being extensively exploited, and the latter for its marble deposits, as well as its cattle for its marble deposits, as well as its cattle ranches. Panay island is divided into the four provinces of Iloilo, Capiz, Aklan and Antique, the most notable of which is Iloilo, with its delicate pineapple fiber and jusi fabrics, its sugar plantations and the fabulous homes of its sugar barons. Bohol offers as much in the products of its household industries, its Panama-style hats, basketry, mats and other souvenir articles for the tourist.

Negros is the home of the sugar industry. Its immense plantations and mills, a few of them among the world's largest, earn the bulk of the country's foreign exchange. Bacolod, the capital of Occidental Negros, is growing rapidly as a new metropolis of the south while Dumaguete, capital of Oriental Negros, is the seat of Silliman, the most famous university in Southern Philippines. In Fabrica is the Philippines' largest lumber mill. Canlaon mountain dominates the entire island and offers many resorts and retreats for the vacationer.

Cebu island and its capital, Cebu City, are the center of commerce in the Visayas. The city is the island's oldest, having been in existence long before the time of Magellan, who made it the object of his conquest in the name of the reigning royalty of Spain. In the center of the city is a kiosk which houses what is said to be the very cross planted by Magellan as a mark of Spanish sovereignty and across the channel on Mactan island is a monument to Magellan, which was erected on the spot where a native chief killed him in battle. All the shipping and most of the trade of Mindanao and the Visayas pass through Cebu harbor. Cebu offers a number of attractions including sunny beaches, mountain water swimming pools and summer resorts in the hills.

Leyte and Samar are large islands separated by a very narrow strait. They are often referred to as the home of the typhoon, for most typhoons come from their direction. Leyte was made famous by General MacArthur's landing in 1944 for the reconquest of the Philippines. The great sea battles of the liberation campaign, in which the U.S. Naval Forces routed and destroyed successive Japanese fleets took place around Leyte and Samar.

* * * *

Next to Luzon, Mindanao is the archipelago's largest island. It is largely virgin country. It is the so-called Promised Land for the land hungry and the home seekers. On the northeast corner, easily accessible from Cebu and Leyte, is Surigao with its fabulous deposits of gold, iron and nickel. One iron ore area alone is estimated to hold the largest single deposit in the Far East. Like Surigao, all the provinces of Mindanao are rich in timber lands. Towards the north from this point is Camiguin with its Hibok-Hibok volcano, which erupts every now and then, leaving destruction in the wake of its burning lava.

Cagayan de Oro is the northern gateway to Mindanao. Iligan is the door to the industrial heartland of the island. (Lake Lanao and Maria Cristina area) where, because of the Maria Cristina Falls hydro-electric plant, is now located a fertilizer factory, a carbide plant, a steel mill and many saw-mills. Lake Lanao and its environs is Mindanao's most promising tourist area. Then there is the city of Dansalan, Maria Cristina Falls and the Moro mosques, its markets and villages steeped in Moro culture and tradition. The climate, specially that of Dansalan city is, uniformly cool, almost like Baguio.

Del Monte in the Bukidnon plateau beckons the visitor to the Philippines pineapple plantations and its large cannery. Here big business and modern industry have carved tremendous wealth out of the rich soil. The plant is bigger than any that Hawaii has ever built.

Zamboanga City is one of the finest rewards to await the voyager, for it combines the beauty of its orchids and its glimpses of Moro life that can be better viewed in Jolo and the Sulu islands further south. Jolo is the centre of Islam and also of the pearl diving industry, dominated by the Moros. It is the seat of the Sulu sultanate that at one time extended its sway over norhern Borneo. Cotabato and Davao, particularly the latter, are symbolic of marvelous growth and development in business, industry and agriculture, which is characteristic of Mindanao. Davao, famous for its abaca, is steadily building up with the pro-

ECONOMIC LETTER FROM MANILA

The first phase of a multi-million-peso harbor improvement project is under way and construction will begin shortly. This first phase involves the rebuilding of Pier 5 and the lengthening of Pier 13 at the South Harbor to make possible the berthing of large transoceanic liners expected to start arriving within two years. The project is being financed jointly by the Philippine Government and the International Cooperation Administration, the latter supplying mostly equipment. When completed, Pier 5—now used but being vacated by the Navy—will be longer than any pier now in the harbor. It will be fitted to berth mariner-type cargo vessels and large ocean liners. The improved berthing facilities are expected to stimulate tourist traffic.

The newly created Board of Tourist and Travel Industry will give priority to the Manila Bay area in its work of improving tourist attractions in the country. First to receive attention will be Corregidor, Tagaytay and Lake Taal, including its share. Next will be Pagsanjan Gorge and Falls, including areas on the way to the falls from Manila. The improvement program then will take in Baguio, the Mayon area, Lake Lanao, Dansalan and Maria Cristina Falls. Single attractions will be developed regardless of area priority, depending on urgency of the need for them.

The National Economic Council approved a P4,450,000 bond issue for completion of the terminal at Manila International Airport and for new facilities and improvements at the airfield. The NEC also approved issuing P1,560,000 in bonds for the airport at Cebu. The President's advisory body, the Council of State, is considering the issuance of bonds and made a series of approvals. In order to coordinate the attention being given to bond issues for development projects, Pres. Magsaysay appointed a special coordinating committee composed of Sen. Gil J. Puyat, Finance Secretary Jaime Hernandez, Public Works Secretary Florencio Moreno and Budget Commissioner Dominador Aytona.

A new Travel Center was opened to the public in Manila by the Philippine Tourist and Travel Association. It will be dedicated especially to the needs of foreign visitors. The facilities include direct overseas communications service via RCA, postal service, general tourist information, and guide service. The Center is authorized by the Central Bank to take care of parcel post shipments for tourists.

Construction of a half-million peso hydroelectric project in Sorsogon on Southern Luzon island will start in December this year. A team of surveyors is now in Sorsogan relocating the damsite. The old proposed damsite was found not suitable as a result of an earthquake two years ago.

In a conference called to discuss problems of the Philippine mining industry, Director Faustino R. Lozada of the Industrial Development Center pointed out that a total of $38,000,000 of IDC and Export-Import Bank funds is currently available for financing domestic industries, including mining. Since January of this year the IDC has approved three applications for financial aid to local mining companies in the following amounts: to Hixbar Gold Mining Co., $694,975; to Bezotte Diamond Core Drilling, Inc., $150,295; and to General Base Metals, peso assistance in the amount of P188,000.

Atlas Consolidated Mining Co. production of concentrates in September was estimated to contain 1,829,850 pounds of copper and 554 ounces of gold.

Philippine mineral production, both metallic and non-metallic, was higher in 1955 than in any other year since the war. The total value of the output last year was P167,781,916, as compared with P147,393,073 the previous year. Gains were recorded for copper, lead manganese, refractory chromite, cement, coal, rock, asphalt, and sand and gravel. Following are the figures for the year:

Mineral Production in the Philippines

Year — 1955

Minerals	Quantity	Value in Pesos	Total
Metallics:			
Gold	419,112 Oz.	P43,860,071	
Silver	502,069 ,,	853,708	P 44,713,774
Lead (metal)	2,318 M.T.	P 1,426,390	
Copper (metal) ...	17,461 ,,	29,795,396	
Manganese Ore	11,912 ,,	559,748	
Chromite Ore:			
Refractory	535,262 ,,	16,145,280	
Metallurgical ..	59,745 ,,	3,274,828	
Iron Ore	1,482,712 ,,	24,039,909	
Quicksilver (metal)	635 flasks	357,470	75,599,021
Non-Metallics:			
Cement	2,396,673 Bbls.	P31,504,516	
Coal	130,243 M.T.	3,104,120	
Rock Asphalt	3,250 ,,	83,630	
Sand, gravel, salt, and all other non-metallics		12,776,855	47,469,121
Grand Total			P167,781,916

The value given for gold is based on an average market price of P104.65 per troy ounce. Lead and copper figures are based on the estimated metal content of the concentrates exported. A flask of quicksilver contains 76 pounds of the metal.

The Home Industries Association of the Philippines has been extended a "general monthly license" by the Central Bank's Export Department to make parcel post shipments of Philippine-made articles and handicraft items. This will free the Association members from the usual procedure of filling out separate export forms for every parcel. The same privilege has been extended to other establishments making regular and continuing overseas shipments.

Gold reserves on Sept. 27 stood at $238,610,000, a very substantial gain over the Sept. 20 figure of $234,400,000. Gold price on the free market in Manila Oct. 3 was 116.20 pesos per ounce. Refined stood at a nominal 116.40. Currency of the Central Bank on Sept. 28 stood at P730,740,000, as against P725,950,000 on Sept. 21.

---

ducts of innumerable other industries that are diversifying its economy. It is located on Davao gulf, with a naturally sheltered harbor that invites shipping—not only from the rest of the country but also from overseas—to carry its products away to the markets of the world.

There are many little-known tourist attractions which are unknown, that would further enrich Philippine tourist fare if they could be made more accessible. There is the underground river of Palawan, still not fully explored; the Bird Island, populated exclusively with birds, in the Balabac; Turtle Island in the Sulu archipelago and the Didicas volcano which has just risen out of the sea north of Luzon.

BURMA'S TEAKWOOD

By Fenix Madura

Of Burma's over 167 million acres, in general area, 58% is covered with forests, while only 13% is cultivated or used for grassland. In the lower reaches of its western coastal mountains, valuable teak prospers, while the higher slopes are crowned with oak and pine. Whole evergreen forests shimmer in the cold wind of the Shan Plateau. And even the central Burma Basin, one of the world's foremost rice-exporting regions, has monsoon forests of teak, the measure of national prosperity.

Although vast expanses still are unexplored, the care devoted to this natural resource, in preparation for building a great Asian lumber industry, is reminiscent of Filipino dedication to its own timberland. In Burma, all forces belong to the State; but only one variety—teak, a very hard wood—is valuable, and it forms less than 12% of the total wooded areas. Even the other varieties, however, still can exert some influence on climate and water control, or are usable at least as fuel.

Ordinarily, teak is found in moist bamboo forests, like those of Arakan in the west. Rainfall varies here from 40-120 inches annually. The trees shed their leaves during the hot season, February to May, and put on new leaves at the beginning of the rains.

Until the British assumed administration of these forests in 1826, they were wasted in the clearing of lands for cultivation. Before the British, the Burmese dynasties slowed down some of this destruction, by declaring teak a "royal" tree, to be disposed of only at the king's order. But even then teak was cut indiscriminately, as it had been as early as the eighth century according to Arabian records, for the shipbuilders on the Irrawaddy delta.

Even after the arrival of the British, timber was exploited through the abandonment of forests to licensed concessionaires. Only after the Moulmein forests were severely damaged, did the governor-general (in 1855) lay down principles for conservation, under direct government control. Sir Dietrich Brandis, father of Indian forestry, established methods of care which have endured until today, except during the war years, 1942-46.

Now, 21 million out of 100 million acres of forestlands are government reserves. Of the total forested areas, 30 million acres are, at present, inaccessible; 14 million, unexported.

Because teak takes 150 years to mature, a minimum felling cycle (rate of cutting) of 30 years has been adopted; and no tree less than 7½ ft. in circumference may be cut. Regrowth invariably occurs, by natural process, wherever bamboo grows in clusters. The main human effort is that of weeding and thinning, and protecting teak stands from fire.

Wherever taungya (clearings) have been deserted, as the cultivators shift to a new locality, young trees spring up rapidly. For example, the Karens, a fierce mountain tribe traditionally the enemies of the plainsmen, once decimated almost 200 square miles of forest with their cultivation. In 1858, the Karens in the Attaran forests offered to replant teak if it could be considered their personal property. In 1868, those in Thoonzai and Beeling followed this new custom of making tree plantations around their villages. To each acre of ex-taungya, 1210 teak plantings were made.

The tribes kept their promise of clearing the seedlings of weeds for three years, after which rapid growth became automatic. During early care, bamboos have to be classified as weeds, because they tend to over-top slower-growing teak. In five years, bamboo attains a height of 40-60 feet, while teak reaches only from 15-25 feet. Extended cutting of weeds, therefore, is necessary.

In many cases now, the taungya cutters, living in relatively small clearings, are official tenders of forest reserves. Karen families of 330 cutters can man 1000 acres of reserve a year, in eastern Burma.

By contrast, because teak is not native in Arakan (the western mountainland), hill tribes like the Kamis and Chins have been consistently and deeply prejudiced against the formation of forest plantations. Partly they have feared infringement of their taungya clearings; partly they have disliked serving forest officials, even at better than average pay.

Sometimes Arakan women have cut down teak seedlings along with the weeds; sometimes Arakan men have refused to settle in teak forests because their occult rites (or even ominous dreams of tigers or dead men) dictated that it would be unlucky to do so. Nevertheless, the taungya cutter throughout Burma has to be depended upon as the chief means of regenerating forests. No other laborers can be afforded, other than those situated already in the locality, who cut, burn, clean and tend, when they are cooperative, and give Burma a major source of income.

The taungya worker usually plants new trees with his food crop, so that when he moves on, useful timber has stocked the area. Thus, shifting-cultivation is permitted on forest reserves, within limits and in return for services. At the same time, permanent cultivation (and therefore permanent tending of teakwood) is encouraged, through the establishment of forest villages. Burmese culture is adapting itself to a sturdy resource, which will preserve them as it is conserved.

JAPANESE PAPER

By Bunsho Jugaku

The first date when paper making appears in the history of Japan is A.D. 610. The Nihon shoki, or Chronicles of Japan, gives an account to the effect that in the spring of that year the Korean king sent over to Japan two Buddhist monks; one of whom, Doncho by name, was not only a good scholar but could make pigments, paper, and inksticks. He also made a mill-stone, possibly for the first time in Japan. There is, however, a strong probability that in the second and the third century, some of the powerful clans in Kyushu, who are believed by historians to have carried on intercourse with the northern provinces of Korea where civilization of the later Han dynasty had penetrated, brought back paper from Korea at least, if they did not make paper themselves.

On the other hand there is not a single word suggestive of paper making in the Manyo-shu or Collection of a Myriad

Leaves, the greatest literary monument of the Nara Period (710-794) and a lyrical anthology wherein was garnered every feature of Japanese culture for more than four hundred years, not only in the line of mental attitude but also of practical life, throwing a valuable sidelight on that period.

From these facts may be drawn an inference that paper making was not yet well known in Japan in the period previous to and immediately after the coming of Doncho, that it was a special government monopoly even at the beginning of the eighth century when the capital was removed to Nara, and not yet so "acclimatized" as to enter the everyday life of the populace.

At the very beginning, they made paper not only from hemp (Cannabis sativa, L.), gampi (Wickstroemia sikokiana, Franch. et Sav.), kozo or papermulberry (Broussonetia kazinoki, Sieb.), but also from all manner of vegetable fibers. It is from the end of the eighth century when the capital was transferred to Kyoto that the raw materials of paper making were limited to kozo, gampi, and hemp of these, kozo and gampi were most important for centuries but at the end of the sixteenth century mitsumata (Edgeworthia papyrifera, Sieb. et Zucc.) was first introduced as a raw material. Nowadays kozo, mitsumata, and gampi are used as the materials of preference in the order mentioned

Be that as it may, Japanese craftsmen from the start gave full play to their adaptability and succeeded in making such a wonderful variety of fine papers that as early as the eighth century Japanese paper found its way to China, the cradle of paper manufacture, and was made much of at the Chinese court.

But the opportunity for making Westerners acquainted with Japanese paper was not realized until the Portuguese or Spanish missionaries came over to Japan about the middle of the sixteenth century, and they seem to have enjoyed the beauty of Japanese paper first in the shape of fans or screens. It is also worthy of note that Rembrandt was deeply appreciative of the beauty and utility of Japanese papers, and had no hesitancy in using them for his etchings and sketches. Those who visit the Ryks Museum in Amsterdam today will find there some Rembrandts etched out on Japanese paper.

A few words about the process of making paper by hand. The collected shoots of kozo, mitsumata or gampi are cut into lengths of about one meter, bound together in faggots about one meter in girth, and are given a full steaming. The bark is separated from the steamed shoots and given a thorough drying, but in order to make paper it must be turned into white bark by being macerated in running water. Then the white bark is put into an iron cauldron, and boiled with lye until the bark becomes soft enough to be crushed easily with the fingers. The boiled white bark, after being left for several hours in the covered cauldron, is taken out, and the lye is removed by immersing the white bark in running water from half a day to two or three days according to the season. The wet bast, thus prepared and turned into a "half-stuff" state, is laid on broad thick boards of hard wood or on smooth granite slabs, and transformed into an even, pulpy, fibrous mass by being beaten repeatedly with rods or hammers of various shapes. The paper maker throws the fresh, wet balls of pulp into a quadrangular vat, adds water to about 70 per cent. against the 30 per cent. of pulp, stirs the contents of the vat with a huge comb-shaped agitator, and makes macerated pulp in suspended solution.

We have two methods of making paper, tame-zuki and nagashi-zuki. The former is quite the same as was used in the West; the latter is peculiar to the Far East, and the most salient feature of this method is the employment of a vegetable mucilage. Dr. Hard Hunter, after having given a full representation of both methods and dwelled upon the advantages of nagashi-zuki over tame-zuki, suggested that the West should adopt these two Japanese words inasmuch as the West has no distinct expression applicable to the two methods of making paper by hand, but only a very general phrase, "to make paper."

The paper maker makes a sort of emulsion by adding the mucilage to pulp mixed with water. He then scoops up a sufficient quantity of emulsion into the mold, and shakes the fibrous pulp over the mold, over and over again. When the shaking movement has rendered the pulp film into a desired thickness, the surplus paper solution over the mold is cast off from one corner of the frame. Through this manipulation, all impurities are removed. The wet sheets piled up in layers on the platform are generally left overnight, and on the next day the water is squeezed out by as natural and simple a contrivance as possible. The sheets contain, even after being pressed, some 80 per cent. water, which is further removed by applying a proper amount of heat to the sheets. The really fine and strong Japanese paper is obtained, not from artificial heat, but exclusively from the outdoor method which submits itself to the benefit of sun and wind.

PRINCIPLES OF CHINESE EDUCATION

By Professor F. S. Drake

(Dean, Faculty of Arts, Hongkong University)

Education has a very long history in China. The famous story of the mother of Mencius suffices to indicate that schools were in regular operation in his day (4th Century B.C.). A hundred years earlier Confucius earned his modest living by teaching—he has been called the first professional teacher in China of whom we have knowledge. And earlier still, the Chinese records speak of schools of different grades in town and country directed by one of the Six Ministers of the Government, who can only be called a 'Minister of Education.'

How far these ancient records are historically accurate, and how far they represent a reconstruction of a later day is a question one need not enter into here. But they at least indicate a very early recognition by the Chinese people of Education as an integral part of the life of the people and of the government of the State.

When we enquire into the character of that early Education, we find that it was by no means the book-education that is so often assumed to be characteristic of China's literati, but training for life, in the double aspect of the moral code and various practical skills (the famous Six Arts). It was a feudal age and no doubt the training was intended mainly for the children of the nobility.

Confucius commenced a new era in Chinese education in that he offered his teaching to all comers, and adapted it to all types. He so inspired his followers by his teaching that they continued in his tradition after his death, and he became revered throughout China as The Teacher par excellence, and so he remains to the present day.

There is a great deal of misconception about the teaching of Confucius. It was not a literary education that he offered, though Confucius himself was a collector and collator of books. It was first and foremost a moral and ethical education. It was the training and disciplining young men in the conduct of life by means of the highest standards approved by the private and public conscience.

It was not until three hundred years after the death of Confucius that Confucianism became a state philosophy, enshrined in books, the basis of a remarkable state examination system, for the selection of a no less remarkable civil service.

It was then that Confucianism became a literary tradition and the gateway to office, with the attendant evils so often pointed out by critics. But even so, even in its most barren times, the Confucian tradition represented a great system of liberal education, and produced a long line of scholar-statesmen unparalleled in the history of the world. In its concept forms it gave the opportunity for moral jargon to take the place of practical ability; but in its noblest forms it is perhaps the most impressive monument of ethical education that the world has seen.

In the Sung dynasty (960-1280 A.D.) the Confucian tradition, rejuvenated by a thousand years of contact with Buddhism and Taoism, developed two schools of thought; on the one hand the school of Ch'eng I (A.D. 1033-1107) and Chu Hsi (1130-1200), on the other the school of Lu Hsiang-shan (1139-1192) and his greater successor Wang Yang-ming (1472-1528). The one is known as Li Hsueh, the School of Natural Law and the other, Hsin-hsueh the School of the Mind. But in both schools the ethical emphasis was never eclipsed.

The difference between the two points of view represented by Chu Hsi and Wang Yang-ming can be traced to two different interpretations of an obscure sentence in the Great Learning, one of the Chinese Classics, which we may regard as furnishing two different definitions of Education: Chih-chih tsai ko-wu, 'The extension of knowledge consists in ko-wu,' or 'Education consists in ko-wu.'

What then is 'ko-wu'?

Chu Hsi, following Ch'eng I, took 'ko' to mean 'to approach' and 'wu' to mean 'external things': to approach things in order to examine them.

'The extension of knowledge—or Education—consists in the investigation of external things'—for example modern science.

But Wang Yang-ming three hundred years later, following Chu Hsi's contemporary, Lu Hsiang-shan, was not content with this objective view. To him the history of the Confucian tradition since Chu Hsi's time seemed a story of futility and failure. The Confucian literati, he contended, had become literary pedants; theory had become divorced from practice; Education had become bookish and sterile.

Wang Yang-ming traced the cause of this to Chu Hsi's interpretation of 'ko-wu'. According to Wang Yang-ming 'ko' should mean not 'to investigate' but a 'standard,' hence to 'correct by a standard' or 'rectify' and 'wu' should mean not 'external things but 'duties' and 'moral obligations,' and the thoughts from which they spring. Hence the phrase 'ko-wu' should mean, not 'to investigate external things,' but 'to correct the thoughts of the heart.'

The complete sentence 'chih-chih tsai ko-wu' will mean: 'Education (or the extension of knowledge) consists in correcting the thoughts of the heart.'

Whether or not one agrees with the philosophy of Wang Yang-ming, of which this is the starting point, it will be seen at once that this interpretation introduces a profound and revolutionary view of Education. It states in the strongest possible terms that Education is not a matter of accumulating knowledge but a matter of disciplining and purifying the mind. In other words, Education is not primarily intellectual but moral; not a mental but an ethical discipline.

So then we are led by our enquiry to two entirely different views of Education; which in modern language may be expressed thus: (1) Education consists in Natural Science. (2) Education consists in moral discipline.

From this starting point Wang Yang-ming formulated the principle that 'knowledge and action are one' (chih-hsing ho-i). Since knowledge is primarily ethical it can have no meaning unless it is followed by action.

Ethical principles are not matters to be talked about, but to be acted upon. Here, Wang Yang-ming taught, lay the weakness of the literati, moral principles had become themes for essays, instead of the basis for action. In this he came against the whole literary tradition of the Chinese examination system, that had become corrupted by insincerity and office-seeking.

By identifying knowledge with action, Wang Yang-ming not only went to the extreme point in the ethical interpretation of Education, but he also anticipated some modern theories of the importance of action in the process of learning.

Clearly such knowledge is not the outcome of the logical process. It belongs to the realm of experience, of insight, and of conviction. Wang Yang-ming, searching for a formula in which to express this, adopted a phrase from Mencius: liang-chih, which is usually translated in this connection: 'moral intuition, for his motto, and as the summary of his teaching.

The moral consciousness, he taught, is innate in each individual. But it is not merely something subjective, because it corresponds to the moral law in the Universe. 'Law' in the Universe, and 'Mind' in man are one and the same. Therefore to understand one's own mind or moral consciousness is to understand the Universe of external reality. Hence to develop the moral consciousness is the extension of knowledge and the application of the moral law to one's actions is the 'rectification of things'.

Here then we have what I think we may call a tremendous view of Education: It has been stated before in many ways and by many different thinkers, but never I think so uncompromisingly as by Wang Yang-ming: 'Education is the training of the moral consciousness'. But the process, it must be insisted again, is not merely subjective, for the moral consciousness cannot be divorced from action. Knowledge and action are one; we know by doing.

The moral consciousness, Wang Yang-ming taught, can only be developed in the faithful discharge of all the ordinary duties of daily life.

Scientific theories change from day to day; metaphysical conceptions are impossible to verify; but ethical ideals and convictions are the very substance of our being —we are what we believe we ought to be. Here we have firm reality upon which to build.

TAIWAN'S TRADE POLICY AND INVESTMENTS

The Government's policy is to encourage private investments in Taiwan. The transfer of four government-owned companies to private ownership was made in 1953 in order to implement the "Land to the Tiller" program. (Cement Company, Paper Company, Industrial and Mining Corporation and Agricultural and Forest Products Corporation).

One of basic objectives of trade policy has been to substitute imports of capital goods and raw materials for imports of consumer goods.

Classification of Taiwan's Imports during 1953, 1954 and 1955
(in million US$)

	1953	1954	1955
A. Consumer Goods	96.1	90.1	78.4
a. Clothings	32.1	29.2	29.2
b. Foodstuffs	45.1	37.9	33.4
c. Pharmaceuticals	9.4	8.7	8.6
d. Cultural Articles	5.9	6.6	5.8
e. Daily Consumptive Goods	1.9	1.6	0.8
f. Others	1.4	1.3	0.6
B. Industrial & Agricultural Materials	40.7	48.1	50.0
a. Fertilizers & Fodders	18.6	21.3	23.2
b. Industrial Materials	12.6	15.1	13.7
c. Mineral Oils	9.1	11.4	12.5
d. Handicraft Materials	0.4	0.3	0.6
C. Capital Goods	53.8	65.7	61.4
a. Transport Equipments	10.1	9.0	7.0
b. Machinery & Tools	41.4	51.5	48.7
c. Building Materials	2.3	5.2	5.7
Total	190.6	203.9	189.8

Import of consumer goods dropped from US$96.1 million in 1953 to US$78.4 million in 1955, while that of industrial and agricultural material increased from US$40.7 million in 1953 to US$50.0 million in 1955, and that of capital goods from US$53.8 million in 1953 to US$61.4 million in 1955. These changes show success of Government's policy in encouraging capital goods imports and discouraging consumer goods imports. A striking example is the decreasing amount of cotton piece goods imports since 1952 and the correspondingly increasing amount of raw cotton imports during the last years. The imports of cotton piece goods and raw cotton during 1952-55 were as follows:

Imports of Raw Cotton and Cotton Piece Goods during 1952-55
(in million US$)

	Raw Cotton	Cotton Piece Goods
1952	13.2	9.3
1953	17.6	5.3
1954	20.8	0.4
1955	21.8	0.04

Another basic objective of trade policy has been to promote exports. The Exchange Certificate System, adopted in March 1954, was for the purpose of encouraging private exports, which have been given the highest percentage of Exchange Certificate (80% on their export value), which would mean the highest increase in the exchange rate for private exports. To encourage exports the Government ordered in July 1955 exempting or refunding duties and local taxes that have been paid on imported raw materials, when the final products were re-exported. This measure met with some success in increasing Taiwan's re-exports during 1955. Value of such reexports was estimated at US$4 million during the year.

There have been several regulations by the Government during the last three or four years for promoting overseas Chinese investment. In view of the limited amount of domestic savings that could be made available for development, it was necessary to induce overseas investment to fill the gap. On account of uncertainties in the economic and military situation in Taiwan during the past few years, the amount of overseas Chinese investment has not been large. But since end of 1955 a new impetus has been given to overseas Chinese investment. From January to May 1956 there have been 41 applications for overseas Chinese investment, amounting to US$6,304,037, HK$9,217,630 and £9,540. These amounts compare favorably with what overseas Chinese actually invested in Taiwan during 1951-55.

According to the Overseas Chinese Affairs Commission of the Executive Yuan, from 1951 to 1955 there have been 51 factories established by the overseas Chinese, with a total investment of US$1,631,351, HK$11,113,536 and £15,000.

Foreign investment in Taiwan to a large extent has taken the form of aid funds. Counterpart funds and U.S. aid arrivals (of commodities) have been an important source of capital investment fund supporting economic development. According to ICA's estimate, 30% of all U.S.A. imports during 1952-55 have been for capital formation in Taiwan. The following table shows the amount of U.S. dollar aid and counterpart funds used to support gross capital formation in Taiwan during the period:

Summary of Gross Civilian Capital Formation Financed by U.S. Aid and Counterpart Funds

	1952	1953	1954	1955
Total Counterpart, in NT$ million	261.3	207.5	370.9	420.9
Total Aid Arrivals, in US$ million	8.5	8.5	12.2	14.5
Total in US$ equivalent million	33.8	21.8	33.0	33.0

Except for 1953 the amount of capital formation financed by U.S. aid has been kept at the level of US$33 million per annum. Delays in processing U.S. aid for industrial development projects have always been a problem. The significance of some development projects has been much reduced simply because they were not completed within the stipulated time. The fact that ICA in principle would not commit itself to financing any project with periods longer than one year also hinders some economic development in Taiwan. This is understandable because the U.S. Congress appropriation of funds for foreign aid has been on yearly basis.

CIVIL AIR TRANSPORT

Officials of Civil Air Transport, headed by its founder, Maj. Gen. C. L. Chennault, celebrated the airline's Tenth Anniversary last week in Taipei. Civil Air Transport (CAT) is the name under which the scheduled airline business of the Chinese company, Civil Air Transport Company Limited, is conducted. Its genealogy goes back to the Chinese Relief & Rehabilitation Air Transport, which came into existence at Shanghai October 25, 1946 when CNRRA signed an agreement with the partnership of General C. L. Chennault and Mr. Whiting Willauer, earlier a member of China Defense Supplies, Inc., and Chief of the Foreign Economic Administration, Washington, and today's American Ambassador to Honduras.

Since its inception, CAT has been financed by the personal funds of private individuals. The Chennault-Willauer partnership advanced the capital necessary to get started.

For the purchase of equipment and initial maintenance, an eighteen-month loan was obtained from UNRRA and CNRRA (US$1 million and $100,000, respectively) with interest and was repaid within the first year.

The mainland days of CAT made history. The air drops of Taiyuan which supplied Marshal Yen Hsi-shan's forces for nine months and kept them fighting with 400,000 Communist troops knocking at the city walls; the evacuation of Mukden from where refugees were flown to Peiping at the rate of 3,000 per day, and the last days of Shanghai when CAT alone occupied the new US$5 million air terminal, were but three of hundreds of such chapters.

As the curtain began to lower on CNRRA the Company was reorganized, January 1, 1948, into Civil Air Transport-CAA-MOC. In effect, the Civil Aviation Administration and the Ministry of Communications replaced CNRRA, and CAT, which was created by a contract with the CAA-MOC, for all practical purposes became an unofficial department of the Chinese government with the Chennault-Willauer partnership being granted rights to operate an airline. Cargoes were no longer limited to medicines, hides, bristles and relief supplies but expanded to include the carriage of passengers.

Stumbling off the mainland in early 1950 personnel were completely disorganized, there was no money and, more important, there were no routes to fly. CAT had operated within the China mainland bounds and negotiations between respective governments concerned must precede the operation into any foreign area. Worst of all, most of the world looked on the Nationalist Government as "finished" and therefore, in many instances, the negotiating was left to CAT. Finally, arrangements were made for an inaugural flight, scheduled for June 28th, from Taipei to Tokyo and Seoul. On the 25th, Communists crossed the 38th Parallel and instead of starting a scheduled service to Seoul, CAT was flying men and cargo for the Far East Air Material Command in the Korean War.

On April 24, 1950, the Company evacuated from Hainan Island and commenced its trek to Taiwan; where they continued to operate as Civil Air Transport-CAA-MOC until March 1, 1955, when a reorganization into Civil Air Transport Company Limited and Asiatic Aeronautical Company Limited took place. CATCL is a Chinese company limited by shares incorporated under the laws of Free China. Headed by Dr. Wang Wen-san as Chairman, the major portion of the stock of CATCL is held by Chinese private individuals and a minor portion by American interests. Besides the registration certificate it holds as a company limited by shares, CATCL has a civil air transport enterprise certificate and flight route licenses for all domestic and international routes previously served by Civil Air Transport-CAA-MOC.

By contract, CATCL is associated with the Asiatic Aeronautical Company Limited, also a Chinese company limited by shares and organized under the protective provisions of the Foreign Investment Act of China the majority of stock being held by American private interests. The terms of its certificate of incorporation permit AACL to conduct a commercial aviation business including aircraft maintenance activities with General Chennault as Chairman of the Board. AACL also lends some assistance to CATCL in CATCL's airline operations.

One of the features of AACL's maintenance operation is a war surplus LST, the Chung 118, and its accompanying supply barge, the Buddha, anchored in Kaohsiung harbor, which complements activities at Tainan. The only floating aircraft shops in the world, the LST was purchased by Civil Air Transport, CAA-MOC, at Shanghai in the spring of 1949 and carried tools, shop equipment, supplies and mechanics during the evacuations from Shanghai to Canton, to Hongkong and to Hainan Island before arriving at its present anchorage in January 1950. Equipped with an estimated US$2 million worth of modern shops, and including a medical clinic, a printing plant and living quarters for a marine crew of 33, there are 44,000 square feet devoted to shops that perform every conceivable task from calibrating airplane compasses to plating huge landing gears. More than 50,000 aircraft items are stocked for use by the 535 employees on this floating work bench.

The Company reported that during the past 10 years, there had been no injuries or fatalities on any of its scheduled flights. At AACL's maintenance base more than a thousand Chinese mechanics, working under American and European supervisors, are keeping CAT's planes in apple-pie order.

During 1955 CAT planes carried 103,577 passengers, 66,449,995 passenger miles and flew 8,039,172 freight ton miles. A total of 4,866,013 route miles were flown during which an overall revenue load factor of 73.58 percent was achieved, an increase of 16.8 percent over the 1954 factor. There was a steady increase in charter and contract work in the Far East. Some contracts, notably the weekly flight from Hongkong carrying more than a million fish fry for planting in Taiwan ponds and streams have been continuous since 1949. In recent months passenger charters have sharply increased, reaching to Australia, New Caledonia, Ceylon, Saudi Arabia and the United States, as well as dozens limited to the Far East.

CAT does not plan to fly turbo-jets around the world, for the Company realises that competing with the many airlines heavily subsidized by their respective governments would be fatal. Instead, CAT improves its service in the Far East and looks forward to new equipment to match the expanding airfield and navigational facilities of the Far East and hopes to open a few more stations to expand its present 6,726 unduplicated route miles.

FINANCE & COMMERCE

IMPORTS OF COTTON

By Principal Importing Countries in the Far East

Year beginning August 1; Quantity in 1,000 bales

Importing Country	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55
Hongkong	—	1	3	24	107	140	136	159	225	221
Taiwan	—	—	—	2	15	30	60	117	106	125
Cambodia, Laos and Vietnam	8	12	4	8	11	18	17	22	15	2
Indonesia	3	—	1	3	8	16	13	22	23	26
Japan	233	708	665	926	961	1,961	1,652	2,064	2,443	2,046
South Korea	—	9	59	59	50	35	50	38	92	151
Philippines	2	7	2	3	7	12	4	16	5	5
China	1,104	824	767	350	225	225	350	150	200	150
World Total Imports	8,565	9,576	9,244	10,784	11,778	12,307	11,871	11,819	12,863	12,308

CONSUMPTION OF COTTON

By Countries in the Far East

Year beginning August 1; Quantity in 1,000 bales

Country	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55
Hongkong	—	—	1	18	75	127	162	157	204	218
Taiwan	—	—	—	2	15	26	49	90	122	130
Burma	7	7	7	8	8	9	12	13	14	15
Cambodia, Laos and Vietnam	13	9	10	15	15	21	15	25	20	7
Indonesia	2	2	3	4	8	15	17	22	27	30
Japan	100	700	591	737	1,032	1,599	1,816	2,065	2,441	2,142
South Korea	85	102	87	137	200	115	130	110	150	210
Philippines	4	4	7	4	7	10	9	10	10	8
Thailand	33	25	28	26	20	24	36	27	40	40
China	1,850	2,770	3,050	2,750	2,050	2,875	3,300	3,350	3,500	3,300
World Total Consumption	24,537	27,967	28,690	28,209	29,535	33,585	33,068	34,541	35,933	36,574

Source: World Cotton Statistics; Vol. 9 No. 3 published by International Cotton Advisory Committee.

ESTIMATED WORLD COTTON SPINNING SPINDLES

Country	Total		Mule spindles only
	July 1954	July 1955	July 1955
	1,000 spindles		
Free world			
Europe			
Austria	606	608	—
Belgium	1,816	1,752	8
Denmark	109	107	—
Finland	331	321	28
France	7,634	7,618	752
F. R. of Germany	6,055	6,005	—
Greece	373	376	—
Italy	5,758	5,698	25
Netherlands	1,148	1,099	9
Norway	75	90	—
Portugal	886	896	20
Spain	2,335	2,335	145
Sweden	550	518	8
Switzerland	1,161	1,189	23
United Kingdom	26,563	25,183	14,294
Yugoslavia	415	380	—
Others	36	36	—
Total	55,851	54,211	15,312
North America			
Canada	1,004	983	7
El Salvador	49	49	—
Mexico	1,128	1,130	—
United States	22,707	22,247	—
Others	160	251	—
Total	25,048	24,660	7
South America			
Argentina	747	752	—
Brazil	3,375	3,361	—
Chile	201	198	—
Colombia	386	386	—
Ecuador	85	85	—
Paraguay	28	28	—
Peru	207	207	—
Uruguay	97	91	—
Venezuela	82	82	—
Others	21	21	—
Total	5,229	5,211	—
Africa			
Belgian Congo	65	72	—
Egypt	598	608	—
South Africa	142	152	—
Others	138	138	—
Total	943	970	—
Asia and Oceania			
Australia	232	222	4
Hongkong	225	232	—
India	11,721	11,888	229
Iran	163	165	—
Israel	62	64	—
Japan	7,853	7,961	—
Korea	268	364	—
Lebanon	71	71	—
Pakistan	710	1,356	—
Syria	53	53	—
Thailand	35	38	—
Turkey	436	436	—
Others	448	443	—
Total	22,277	23,293	233
Communist areas			
China	4,410	5,660	—
U.S.S.R.	10,150	10,150	1,000
Eastern Europe	5,613	5,683	690
Total	20,173	21,493	1,690
World total	129,521	129,838	17,242

Source: From reports of International Federation of Cotton and Allied Textile Industries, Manchester.

HONGKONG EXCHANGE MARKETS

October 22-27, 1956

U.S.$

Oct.	T.T. High	T.T. Low	Notes High	Notes Low
22	$621	620	617⅞	616¼
23	620½	620¼	617½	617
24	620	619½	617⅝	616⅞
25	619¾	619½	617⅝	616⅞
26	618½	618¼	616½	615⅞
27	618½	618¼	616½	616⅛

D.D. rates: High 619 Low 616½.

Trading totals: T.T. US$3,070,000; Notes cash US$710,000, forward US$2,020,000; D.D. US$410,000. The market was easier on account of lower cross rates in New York; drops in T.T. were sharp but strong demand from shippers checked the decline in Notes. T.T. attracted good demand from spinning mills but funds from Japan, Korea and the Philippines were abundant. The change over interest in Notes market remained in favour of sellers and aggregated HK$2.94 per US$1,000. Speculative positions averaged US$2½ million per day. In the D.D. sector, the market was quiet.

Yen: Cash quotations were HK$ 1,475—1,472 per Yen 100,000, and change over interest aggregated HK$3.30 per Yen 100,000 in favour of buyers. Closing rates were firm on low stock and steady demand from importers and tourists.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK$: Philippines 1.80—1.765, Japan 0.0148—0.01465, Malaya 1.875, South Vietnam 0.05714—0.0555, Thailand 0.2816—0.2808. Sales: Pesos 465,000, Yen 165 million, Malayan $320,000, Piastre 17 million, and Baht 7 million. The market was active; particularly in Pesos.

Agreed Merchant T.T. rates: Selling rates per foreign currency unit in HK$: South Africa 16.236, Switzerland 1.328, Belgium 0.1167, West Germany 1.389. Selling and buying rates per foreign currency unit in HK$: England 16.202—16.10, Australia 13.016—12.757, New Zealand 16.202—15.867, United States 5.839—5.755, Canada 5.97—5.882, India 1.216—1.205, Pakistan 1.218—1.204, Ceylon 1.219—1.207, Burma 1.216—1.205, Malaya 1.889—1.871.

Chinese Exchange: People's Yuan notes quoted HK$1.51—1.39 per Yuan. Taiwan Dollar notes quoted HK$167—163 per thousand dollars; remittances 164—162. Taipei extended the preferential exchange rate of T$35 to US$1 to foreign and overseas Chinese investors in Taiwan for inward remittances. The Ministry of Finance hitherto had limited the application of this preferential rate to foreign diplomatic personnel, missionaries and charity organisations.

Bank Notes: Highest and lowest rates per foreign currency unit in HK$: England 16.02—15.95, Australia 12.75, New Zealand 14.80, Egypt 13.00, East Africa 15.25, South Africa 16.20, India 1.19, Pakistan 0.90, Ceylon 0.97, Burma 0.48, Malaya 1.845—1.842, Canada 6.32—6.31, Cuba 4.80, Philippines 1.91—1.85, Switzerland 1.38, West Germany 1.39, Italy 0.0095, Belgium 0.105, Sweden 1.00, Norway 0.70, Denmark 0.77, Netherlands 1.43, France 0.0156—0.01545, South Vietnam 0.06—0.058, Laos 0.064—0.063, Cambodia 0.0825—0.082, North Borneo 1.50, Indonesia 0.185, Thailand 0.274—0.273, Macau 1.00—0.995. Piastre declined under heavy imports of notes from South Vietnam.

GOLD MARKET

Oct.	High .945	Low .945	Macao .99
22	$269	268⅛	
23	268¾	268¼	
24	269	268¼	High 280¼
25	269	268½	
26	268⅝	268¼	
27	268½	268¼	277¾ Low

The opening and closing prices were 268¼ and 268⅛, and the highest and lowest 269 and 268⅛. The market was quiet registering only limited demand from hoarders; speculative activities reduced. Interest favoured buyers and aggregated HK$1.70 per 10 taels of .945 fine. Tradings averaged 6,800 taels per day and amounted to 40,800 taels for the week, in which 17,310 taels were delivered (810 taels listed and 16,500 taels arranged). Positions taken by speculators averaged 22,000 taels per day. Imports from Macau totalled 5,500 taels. 24,000 fine ounces arrived in Macau last week; 70,000 fine ounces are expected shortly. Exports amounted to 11,000 taels (5,000 to Singapore, 4,000 to Indonesia, 1,000 to India, and 1,000 to Korea). Differences paid for local and Macau .99 fine were HK$14.30—14.00 and 12.50—12.30 respectively per tael of .945 fine. Cross rates were US$37.88—37.85 per fine ounce and 35,200 fine ounces were contracted at 37.85 C.I.F. Macau. US double eagle old and new coins quoted at $271 and $227 respectively per coin and Mexican gold coins at $284 per coin.

Silver Market: 600 taels of bar silver were traded at HK$6.20—6.15 per tael; 700 dollar coins at HK$3.96—3.95 per coin; 800 20 cent coins at HK$3.05—3.04 per five coins.

HONGKONG SHARE MARKET

October 22-26, 1956

The market was extremely dull and the turnover totalled only $2.6 million. With the exception of Amal. Rubber which retained steady demand and gained 5c on the week, most shares registered a steady decline; drops, however, were not steep and there was no selling pressure.

Shares	Oct. 19	Last Week's Rates Highest	Lowest	Closing	Ups and Downs
HK Bank	1640	1640	1630	1640 s	barely steady
Union Ins.	1005 b	1005	1000	1000 b	—$5
Wheelock	7.10	7.10	6.90 b	7.05 s	—5¢
HK Wharf	95	95	94	94	—$1
HK Dock	45.25	45.25	45.25 s	45.50 s	steady
Provident	13.90 s	13.90	13.70 b	13.70 b	barely steady
Land	64.50	65	63.50 b	64.50 s	barely steady
Realty	1.50 s	1.50 s	1.425 s	1.425 n	dull
Hotel	15.40	15.40	15	15.20 s	—20¢
Trams	23.70	23.70	23.50	23.50	—20¢
Star Ferry	142 b	142 b	141 b	141 b	—$1
Yaumati	108	109	107	107	—$1
Light	25	25	24.90	24.90	—10¢
Light (1949)	24.30 b	24.40	24.20	24 b	—30 ¢
Electric	32	32	31.75	31.75	—25¢
Telephone (o)	25.30	25.20	25	25	—30¢
Telephone (n)	24.40	24.20	24	24	—40¢
Cement	38.75 s	38.75	38	38.25	—50¢
Dairy Farm	15.50	15.50	15.10	15.10	—40¢
Watson	13.80	13.60	13.40	13.40	—40¢
Yangtsze	6.05 n	6.05 n	6.05 n	6.05 n	dull
Allied Invest.	4.95 b	5	4.95 b	5	steady
HK & FE Invest.	10.40 n	10.50 s	10.40 n	10.40 n	dull
Amal. Rubber	1.60	1.675	1.60	1.65	+5¢
Textile	4.40 n	4.40 n	4.20 b	4.30 s	dull
Nanyang	7.50 b	7.50	7.50 n	7.50 s	weak

Monday: Conditions were dull, prices virtually unchanged and the turnover amounted to $685,000. **Tuesday:** Prices drifted lower and the turnover amounted to $472,000. **Wednesday:** Apart from Hotels and Ropes there was little interest elsewhere. Price changes were insignificant. The turnover amounted to $505,000. **Thursday:** The market continued dull and the turnover amounted to $368,000. **Friday:** The market was extremely quiet and the turnover amounted to $595,000.

The secretaries for Yangtsze Finance announced that at the close of business on last Thursday, the shares had a statistical value of $7.70.

HONGKONG AND FAR EASTERN TRADE REPORTS

October 21-27, 1956

China Trade: Returning here from his China trip, Lord Boyd-Orr, President of the British Council for the Promotion of International Trade, stated that China needed British trucks, tractors, hydro-electric equipment and industrial machinery and that China was a big market for British products at competitive prices. He thinks that the embargo on trade with China is "very foolish." Mr. Shozo Murata, President of the Japan International Trade Promotion Association who arrived here last week from Peking, said that China needed Japanese products and Japan required Chinese materials. He added that once the embargo was lifted trade would be tremendous between China and Japan. With Egypt, China signed a trade protocol and payment agreement in Cairo covering £12 million of goods both ways. The agreement will go into effect next year and payments will be made to the People's Bank of China and the National Bank of Egypt. Cairo has already bought £4 m worth of Chinese cotton seed oil, frozen beef and mutton, tea and caustic soda. Another group of Singapore merchants was planning to visit China to promote sales of rubber and other Malayan products in exchange for Chinese industrial products and staples. The Chinese General Chamber of Commerce here is also organising a trade mission to visit the coming Exhibition of Chinese Products in Canton. Peking has sent invitations to individuals, firms and associations in many European, African and Asian countries. The exhibition will be divided into five sections—industrial products, textile goods, foodstuff, works of art and farm produce. Meanwhile, large quantities of drawn lace work, sundry provisions, herb medicines, window glass, textiles, foodstuff and live hogs, cattle and poultry reached here regularly but consignments of cement, paper, beans and oil seeds were still limited to small quantities. Chinese sawn timber, particularly fir board, is enjoying increasing demand from the local building and packing industries. Chinese camphorwood chests are also shipped here to meet the demand from Australia, Japan and Europe. From here Peking bought selective items of metals, industrial chemicals and pharmaceuticals when prices were low. Philippine brown sugar also attracted Chinese orders. Exports to China, however, remained far below imports from China.

Japan Trade: According to Mr. Masanosuke Ikeda, leader of the Sino-Japanese Trade Promotion Diet Union delegation on his arrival from China, the Japanese trade fair in Peking was "outshining" the exhibitions of the Soviet Union, Czechoslovakia, Poland and Hungary. However Tokyo correspondents in Peking later reported that angry crowds of Chinese had stormed into the Japanese trade fair there complaining of the "inferior" quality of goods they had purchased: "fountain pens were useless, vinyl raincoats were torn, perfume did not have any scent and boxes supposed to contain ping pong balls were empty. . ." In Tokyo, the minister of international trade called the situation "disgraceful" and promised to make an immediate investigation. Japan's procurement of steel products from here slowed down in spite of the report that Tokyo was considering the import of another 500,000 tons of steels from world-wide sources before March 1957; most purchases will probably be made from Europe. Meanwhile, cargo movements between HK and Japan were very active; imports totalled 4,000 tons and exports amounted to about 2,000 tons. Cement, cotton blankets, cotton and other textiles, paper, sea products and other foodstuff, toys and sundries constituted the major portion of imports from Japan. Principal exports were metals, scrap iron, beans and other China produce. Dealers here booked more Japanese textiles, chinaware, cement, paper, blankets and sundries during the week.

Exports to U.K.: In U.K., British shirt manufacturers complained to the Government about the "large increase in imports of HK shirts", but a Govt. spokesman replied that colonial imports would continue to be admitted duty free. It was pointed out that the value of shirts produced in U.K., though lower than the years 1951 and 1953, had increased in 1955 compared with 1954 and production increased again this year. Meanwhile orders for shirts, gloves and other HK products continued to reach here from U.K. About 4,000 tons of goods were shipped to U.K. last week consisting chiefly of cotton textiles, gloves, rubber footwear, enamelware, rosin, bamboo cane and preserved ginger. Imports from U.K. totalled 4,000 tons; principal items were metals, dairy products and pharmaceuticals.

HK-Europe Trade: Imports from Italy, West Germany, Belgium, Netherlands and Scandinavian countries exceeded 4,000 tons; metals, paper, textiles, provisions and wine, and winter goods were major imports. Exports of HK products and China produce to Europe were not as substantial as shipments to U.K. Demand for China produce was restricted to a few items only and there were more enquiries than orders.

Trade with U.S.: Cotton waste, citronella oil, paper lantern, toys, rubber footwear, leather slippers, frozen prawn, dried lichee, torch batteries and Chinese wine constituted the major portion of exports to U.S. amounting to about 1,000 tons last week. Imports totalled 2,000 tons; fertilizer, machinery, black plate, fruits and foodstuff, textiles, and paper were principal items.

Indonesia Trade: Djakarta was considering a further revision of surtax to discourage non-essential imports. From the local market, Indonesia bought more cotton piece goods and enquired for cotton yarn. Demand for other HK manufactures and Japanese goods was weak on account of the decline in commodity prices in Indonesian markets. About 700 tons of textiles, hurricane lantern, nails, raincoat, metals, canned food and raw silk were shipped from here to Djakarta last week.

Thailand Trade: Cargo movements between HK and Bangkok remained very active. Thai rice, live cattle, teak squares and sawn timber, cow hide and other staples continued to reach here in substantial quantities. In return, HK shipped over 3,000 tons of textiles, window glass, paper, underwear, chinaware, garlic, herb medicines and other China produce to Bangkok. Bangkok-HK freight rates for rice and live cattle were hiked; that for rice up $3 per ton and for cattle $10 per head higher. During the week, importers in Bangkok sent here orders for steel bars and other metals, paper, and sundry provisions.

Korea Trade: Delay in the allocation of foreign exchange in Seoul, low buying offers from Korean importers and increased volume of Seoul's direct imports from Japan handicapped the development of HK-Korea trade. With the exception of paper, there is no immediate prospect for improvement in other exports to Korea.

Taiwan Trade: Taipei is taking emergency measures to retain the demand from Japan for bananas; Peking has offered 50,000 baskets of Kwangtung bananas to Japan. This is another specimen of Peking's political trade; like other export items, China's production of bananas is far from enough to meet her domestic demand. Taiwan citronella oil which has been monopolizing the local market is now meeting competition from mainland products; Peking used to buy citronella oil from here. This is an economic war in which Taipei is putting up a better fight than on military fields. At the invitation of Taipei, the Australian trade commissioner in the Philippines is now visiting Taiwan to survey the possibility of increased trade between the two countries. Taiwan could import more wool, wool tops, dairy products, wheat, ores, chemicals, hides and other Australian products. At the present, these items are being purchased through HK and from other countries. In return, Taiwan expects to sell tea, camphor products and other exports to Australia. Taipei has also set up a tourist industry planning committee to promote tourism in Taiwan. Roads leading to scenic resorts will be improved; guide books will be published; hotel and restaurant facilities will be improved; and immigration regulations for tourists will be simplified.

Malaya & Singapore: Demand from Singapore and Penang for China produce, sheet glass, cotton piece goods and sundry provisions improved after the recent decline which was particularly low when Singapore and Malayan businessmen were visiting Peking.

The Philippines: There was still no improvement in trade with Manila.

Cambodia, Laos and Vietnam: Cargo movements between HK and Cambodia slowed down. Demand from Laos for HK products and European paper and metals remained strong but buying offers were sometimes too low to interest local dealers. Exports to South Vietnam were limited to small quantities of herb medicines, paper, vacuum flask and cloth. Imports of scrap iron, beans, maize and other staples from these states remained active. Cambodia also sent live hogs and cattles to the local market.

India & Pakistan: With the exception of the steady shipments of Pakistan yarn and raw cotton to the local market, trade with these two countries was featureless.

Burma Trade: Exports to Burma improved with more orders from Rangoon for paper and HK manufactured wheat flour, tooth brush, knitwear and other consumer goods but the volume was still small. About 2,000 tons of Burmese rice will be shipped here early next month.

African Markets: Shipments of HK manufactured enamelware, shirt, torchlight, cotton piece goods, knitwear, rubber footwear, and toys to South, East and North Africa were still limited to small quantities averaging 250 tons per vessel. Exports to South Africa were particularly affected by the keen competition from Japanese products in that market.

Australia Trade: There was a rush of shipments from here to Australia last week because freight charges will be hiked beginning November 1. Principal exports were firecrackers, drawn lace work, rattan furniture, cotton piece goods, gloves, enamelware and rubber footwear. Imports consisted chiefly of wheat flour, frozen meat and dairy products.

China Produce: The market was active with Japan still purchasing beans and Europe favouring other popular items. Orders from Japan however were limited in quantities and prices offered were usually low. Consignments of beans and oil seeds from China were small and dealers here depended upon supplies from SE Asia to meet the demand from Japan, U.K. and Europe. A new development last week was the order from US for HK graphite. Egg products attracted very strong demand from Europe but supply was short and dealers here offered dried albumen at 13/- per lb c & f Hamburg and salted liquid hen egg yolk (sodium benzoate), at £400 per ton cif Hamburg. Broken cassia and cassia lignea retained steady demand from Europe and Middle East but prices failed to improve because supply from China was abundant. Groundnut kernel firmed again on short stock and steady demand from Singapore and local mills. Citronella oil retained firm price on buoyant world market; mainland products were also offered in the local market. HK processed Taiwan feathers retained steady demand from Europe; prices firm. Feathers of mainland origin were better in quality but supply was difficult to get. Rosin enjoyed steady demand from local paint manufacturers and orders from Thailand. Preserved ginger remained popular with UK while Europe favoured dried ginger.

Metals: Indents for steel products from West Germany were marked up but those from Belgium and France for round bars and plates (Feb. 1957 shipments) were lower. Dealers here slowed down new bookings on account of the remote delivery dates and uncertain demand from Japan. Tokyo was considering to procure another 500,000 tons of steel products before March 1957 but the quantity to be imported from here will be insignificant and buying offers have been depressed. Enquiries reached here from Tokyo last week were chiefly for iron scrap which improved from $420 to $425 per ton for the 1st choice quality. Prices in general did not dip in spite of the low buying offers from Japan, the expected arrival next month, and the liquidation by speculators; China and SE Asia took advantage of the lull and procured various popular items when quotations were comparatively low. In addition to round bars and plates, China bought galvanized iron pipe and iron wire rod. Demand from SE Asia included orders from Thailand for structural steels, from South Vietnam for iron wire rod, and from Okinawa for galvanized iron pipe.

Paper: To meet the demand from Korea and other sources, dealers here replenished cellulose paper, krafts and glassine from Japan and Europe. Orders from Korea covered 600 reams white sulphite, 300 reams transparent cellulose paper. Seoul also enquired for newsprint in reel, woodfree printing, glassine, aluminum foil and duplex board. Demand from Thailand, Indonesia, Cambodia, South Vietnam and Burma was keen on newsprints, woodfree, m.g. cap, krafts, manifold, bond, transparent cellulose, glassine, cigarette paper and straw board. Prices in general were very firm in spite of the low buying offers from these sources. The market is now very buoyant because indents from all sources including China and Japan have been marked up, shipment dates of European indents are remote and supply from China has been curtailed.

Industrial Chemicals: The market registered only selective demand from Cambodia, Korea and China for quantities which were usually very small. Boric acid and sodium cyanide were favoured by China; lithopone, caustic soda, sulphuric acid, hydrochloric acid, nitric acid, gum arabic attracted more enquiries than orders from Cambodia; while shellac and mercury were bought by Korea. Prices were steady on high replenishment cost.

Pharmaceuticals: Aside from orders from Cambodia and Vietnam for 8,500 vials of dihydrostreptomycin and from China for 1/2 ton of caffeine alkaloid, the market was very dull.

Cotton Yarn: Djakarta importers enquired for HK yarn but asked for lower quotations because Pakistan was offering them cheaper yarn. In the local market, Pakistan products continued to decline forcing down prices for Indian and Japanese brands.

Cotton Piece Goods: HK cloth retained steady demand from local processing mills and attracted more orders from Singapore and Indonesia. Chinese grey cloth first improved on good local consumption but later declined under new arrivals. Japanese products failed to improve due to the lack of export demand.

Silk Pongee: Dealers here ordered more tussah silk pongee from China to meet the strong demand from India and Middle East.

Rice: Rice imports from Thailand remained heavy but prices here were firm on account of increased indents for Thai rice and hiked Bangkok-HK freight rates for rice. Chinese rice firmed on low stock and steady local demand. HK New Territories rice eased slightly under the pressure of new crops. Burmese rice was steady.

Wheat Flour: With the exception of the enquiries from Burma, the local wheat flour market was quiet. Prices were firm on increased cost.

Sugar: Taiwan granulated was firm on curtailed supply, Taikoo products steady on local demand but Philippine brown weak in spite of the demand from China.

Sundry Provisions: Demand from Singapore and Thailand kept the market very active but heavy supply from China, Vietnam and Cambodia prevented gains. Popular items included gingko, mushroom, red dates, bean stick, dried lichee and ham.

Cement: Supply from Japan remained abundant but imports from China curtailed. Prices here were firm on improved local demand and exports to SE Asia.

Hongkong Products: Government introduced new regulations to control the issuance of imperial preference certificates; exporters submitting false declarations will be liable to a maximum fine of $100,000 or one-year imprisonment.

HONGKONG'S TRADE FOR SEPTEMBER AND FOR JANUARY-SEPTEMBER, 1956

The value of HK's exports during September totalled $251.3 million, an increase of $26.3 m compared with that for the corresponding month in 1955; imports at $338.5 m were higher by $31.5 m. Exports during the first 9 months this year amounted to $2,414.4 m, an increase of 32.7% over the corresponding period in 1955. Imports rose by 25.6% to $3,408.9 m. Comparing trade figures for the first 9 months of 1956 and 1955, the Director of Commerce and Industry pointed out following important changes. Indonesia, increasing her imports by $310.8 m, replaced Malaya as the principal customer of HK. Exports to China reduced by $58.5 m, and to South Korea by $35.7 m, but exports to Thailand, Japan, U.K., Cambodia, Laos and South Vietnam showed marked increases. China remained HK's principal supplier; imports from that country increasing by 17.1%. Imports from Japan increased by $260.7 m, and from U.K. by $53.7 m. Imports from Macao and Western Germany dropped by $14.1 m and $11.6 m respectively. An interesting item shipped by China via Hongkong to India on Through Bill of Lading was 136 drums of calcium carbide, a strategic commodity.

Exports of Hongkong Products

Exports of Hongkong products during September totalled $61.1 m, $5.4 m lower than that for the corresponding month in 1955. Comparison of the totals for January/September periods of 1955 and 1956 showed an increase in 1956 of $53.6 m or 10%. Up to the end of September this year, UK heads the list of buyers with purchases totalling $122.2 m. Indonesia, with purchases amounting to $114.4 m, drops to the second place. Malaya maintains the third position. Thailand reduced purchases by $11.8 m, and Burma by $10.1 m compared with the same period last year. Cotton piece goods, cotton yarn, enamelware, and shirts remained principal exports.

Certificates of Origin

Certificates of Origin of all kinds and Imperial Preference Certificates issued during the month totalled 16,625 and covered goods amounting to the declared value of $59,100,536.

Lotus seeds, camphor tablets, greeting cards and book markers were added to the list of "presumptive" goods cleared for export to U.S. and their dependencies. Restrictions on the size of wooden figurines and the designs on articles made of sterling silver were removed. The limit on the value of purchases permitted on a Tourist Comprehensive Certificate of Origin was raised from HK$500 to $1,500.

IMPORTS, BY COUNTRIES

Country	September, 1956 HK$	Jan./Sept. 1956 HK$	Jan./Sept. 1955 HK$
Merchandise			
Africa, Central (British)	502,392	3,211,284	1,236,282
Africa, East (British)	2,724,276	34,776,058	28,165,453
Africa, South	3,255,786	20,338,656	20,490,427
African Countries, Other	71,087	1,656,715	6,330,329
America, Central	460,507	2,121,377	12,868,296
America, South (excluding Argentina and Brazil)	187,000	1,065,664	223,837
Argentina	402,101	1,772,308	4,230,063
Asian Countries, Central	—	2,300	1,155,390
Australia	6,973,920	67,454,939	58,137,130
Austria	689,899	14,563,251	7,404,128
Belgium	7,862,454	80,870,830	69,402,922
Borneo, North	2,507,583	29,552,806	30,705,136
Brazil	9,494,676	49,227,934	13,377,170
British Commonwealth, Other	71,561	727,756	359,941
Burma	1,240,140	28,931,390	26,701,214
Cambodia, Laos & Vietnam	6,746,564	48,111,295	20,416,585
Canada	4,427,117	34,881,362	35,502,165
Ceylon	161,355	2,905,622	3,576,899
China	74,777,053	755,968,914	626,956,985
Denmark	567,498	4,396,371	4,526,274
Egypt	235,461	6,086,347	1,615,013
Europe, Eastern	1,008,653	9,887,336	8,573,835
European Countries, Other	192,797	3,564,116	4,026,544
Finland	469,775	1,505,143	3,081,340
Formosa	3,979,584	37,806,480	29,323,388
France	2,413,379	21,496,482	22,657,178
Germany (Western)	7,642,927	89,584,906	101,186,806
India	3,517,796	43,377,339	49,842,845
Indonesia	7,596,616	25,160,084	22,450,192
Italy	4,404,055	28,993,584	26,273,752
Japan	44,056,271	640,943,731	380,213,407
Korea, South	127,280	11,324,311	6,449,410
Macao	3,438,012	28,788,589	42,871,223
Malaya	10,246,719	124,807,144	115,489,227
Middle and Near East Countries	3,348,222	40,960,944	21,166,729
Netherlands	7,461,419	57,979,187	46,577,143
New Zealand	96,331	1,916,589	666,168
Norway	417,273	3,397,468	4,478,913
Oceania, British	156,201	6,238,041	1,019,816
Oceania, United States	1,219	70,113	850,342
Oceania, n.e.s.	64,891	485,898	129,967
Pakistan	4,086,722	82,112,262	45,729,364
Philippines	3,012,284	25,253,484	5,398,118
Sweden	961,778	14,794,715	14,802,476
Switzerland	10,433,172	93,064,497	69,628,114
Thailand	18,275,229	141,490,467	137,254,409
Turkey	2,671,450	3,076,871	2,450
United Kingdom	44,763,886	377,355,623	323,669,201
U.S.A.	30,273,203	301,806,440	254,174,263
U.S.S.R.	—	2,840,216	1,802,894
West Indies, British	3,882	188,696	137,562
Total Merchandise	338,479,456	3,408,893,935	2,713,308,715
Total gold and specie	34,250,520	381,402,644	281,195,109
Grand Total	372,729,976	3,790,296,579	2,994,503,824

EXPORTS, BY COUNTRIES

Country	September, 1956 HK$	Jan./Sept. 1956 HK$	Jan./Sept. 1955 HK$
Merchandise			
Africa, Central (British)	1,161,921	10,402,856	12,722,141
Africa, East (British)	2,580,694	23,782,264	29,271,801
Africa, South	2,274,308	20,840,425	18,341,391
Africa, West (British)	4,954,236	48,512,586	39,003,738
African Countries, Other	5,243,909	40,243,621	40,431,028
America, Central	3,072,805	20,361,104	15,712,848
America, South (excluding Argentina and Brazil)	2,464,521	15,536,365	14,294,315
Argentina	32,409	282,628	271,168
Asian Countries, Central	485,143	1,997,189	730,178
Australia	4,670,595	42,856,347	39,969,949
Austria	7,712	43,974	40,467
Belgium	801,901	8,123,226	7,228,140
Borneo, North	4,007,222	33,709,559	21,159,092
Brazil	16,315	352,308	89,232
British Commonwealth, Other	1,780,507	16,619,006	19,615,272
Burma	2,628,674	18,704,031	22,569,038
Cambodia, Laos & Vietnam	16,429,226	110,150,627	72,763,058
Canada	2,080,925	22,223,407	22,259,737
Ceylon	664,819	11,986,483	9,036,643
China	12,766,028	91,423,673	149,898,522
Denmark	590,324	3,639,090	4,682,872
Egypt	38,594	2,111,487	2,696,587
European Countries, Other	148,097	1,606,473	1,404,906
Finland	74,620	571,367	9,432
Formosa	3,711,240	34,980,141	26,561,397
France	1,874,876	16,250,473	12,516,831
Germany (Western)	2,312,052	29,189,375	24,235,149
India	1,918,253	16,106,765	16,071,858
Indonesia	15,640,744	432,496,006	121,660,597
Italy	1,255,403	6,323,304	5,105,863
Japan	36,854,387	207,516,552	95,077,334

Country	September, 1956 HK$	Jan./Sept. 1956 HK$	Jan./Sept. 1955 HK$
Korea, South	16,596,056	95,452,832	131,181,886
Macao	4,831,682	41,262,858	42,155,351
Malaya	25,869,779	276,920,021	281,673,816
Middle and Near East Countries	2,692,634	25,965,441	21,193,253
Netherlands	2,910,585	18,093,331	14,526,610
New Zealand	1,410,523	11,965,214	11,349,507
Norway	749,419	5,017,366	3,042,818
Oceania, British	914,758	5,768,249	4,094,255
Oceania, United States	2,404,152	22,891,823	21,602,351
Oceania, n.e.s.	868,301	7,388,478	6,318,404
Pakistan	430,975	4,279,084	3,724,310
Philippines	3,666,018	33,104,813	44,426,487
Sweden	548,656	4,587,965	4,405,833
Switzerland	210,826	2,723,543	2,702,834
Thailand	18,212,229	250,364,484	121,228,113
Turkey	2,754	62,669	239,859
United Kingdom	23,881,982	224,865,885	183,205,345
U.S.A.	10,379,156	80,229,047	61,728,783
West Indies, British	2,143,775	14,476,824	15,188,708
Total Merchandise	251,266,720	2,414,362,639	1,819,419,107
Total gold and specie	43,485,245	396,873,653	278,088,096
Grand Total	294,751,965	2,811,236,292	2,097,507,203

IMPORTS, BY DIVISIONS

Division	September, 1956 HK$	Jan./Sept., 1956 HK$	Jan./Sept., 1955 HK$
Live animals	12,204,603	125,525,430	134,345,030
Meat and meat preparations	2,742,723	26,095,904	20,370,027
Dairy products	6,325,731	66,224,032	58,702,965
Fish and fish preparations	7,200,025	59,764,819	51,974,025
Cereals	24,843,132	212,096,392	182,783,137
Fruits and vegetables	15,639,551	141,717,548	149,799,171
Sugar and sugar preparations	7,594,929	60,434,039	51,196,334
Coffee, tea, cocoa and spices	3,774,220	35,880,023	39,925,245
Feeding stuffs for animals	1,147,327	7,034,205	2,298,379
Miscellaneous food preparations	3,771,782	23,437,527	16,676,429
Beverages	2,064,626	20,194,281	17,799,353
Tobacco and tobacco manufactures	4,274,439	44,007,629	41,501,487
Hides, skins and furs, undressed	1,691,663	10,544,820	7,206,879
Oil seeds and oil nuts	1,799,600	32,896,236	37,028,993
Crude rubber, including synthetic	1,258,273	16,415,496	15,385,680
Wood, lumber and cork	4,217,022	49,581,987	50,066,613
Pulp and waste paper	135,628	2,035,703	2,881,070
Textile fibres and waste	24,671,077	237,230,612	169,914,233
Crude fertilizers and minerals	1,043,380	6,310,222	7,180,653
Ores and metal scrap	1,018,723	9,334,442	7,206,820
Animal and vegetable crude materials	13,493,250	129,353,637	108,998,283
Mineral fuels	15,043,383	146,950,527	108,158,430
Animal and vegetable oils	3,460,036	61,176,704	40,249,363
Chemical elements and compounds	3,225,511	32,009,733	42,913,114
Mineral tar and crude chemicals	1,484	1,166,059	315,737
Dyeing, tanning and colouring materials	2,919,058	29,401,516	71,021,488
Medicinal and pharmaceutical products	5,336,963	37,799,103	37,223,652
Perfumes and cleansing preparations	2,834,611	34,205,221	30,033,229
Fertilizers, manufactured	1,169,199	34,273,128	42,676,111
Explosives and chemicals	6,704,916	43,050,457	35,332,519
Leather, leather goods and furs	1,309,988	15,308,603	14,516,563
Rubber manufactures	788,651	14,701,104	6,080,328
Wood and cork manufactures	912,735	8,221,354	8,184,646
Paper, paperboard and manufactures	9,097,092	87,895,290	88,505,002
Textile yarn, fabrics and made-up articles	58,806,062	708,502,424	465,623,205
Non-metallic mineral manufactures	6,474,890	69,365,509	47,133,247
Silver, platinum, gems and jewellery	10,329,578	67,790,437	49,133,366
Base metals	16,425,697	196,126,050	91,159,546
Manufactures of metals	4,219,788	47,440,714	33,541,861
Machinery other than electric	9,594,184	96,004,223	59,759,942
Electric machinery and appliances	5,738,073	60,570,745	40,310,377
Transport equipment	6,920,624	65,620,981	53,927,227
Prefabricated buildings; plumbing, heating & lighting fittings	818,273	10,850,272	7,134,144
Furniture and fixtures	265,681	2,622,826	2,149,502
Travel goods	187,396	1,764,706	1,401,051
Clothing	4,765,286	29,643,789	23,404,102
Footwear	296,444	2,020,628	2,111,641
Scientific instruments; photographic and optical goods; watches and clocks	12,234,673	115,393,958	77,394,739

Division	September, 1956 HK$	Jan./Sept., 1956 HK$	Jan./Sept., 1955 HK$
Miscellaneous manufactured articles	7,571,113	71,740,228	60,349,206
Live animals, not for food	16,353	162,662	314,571
Total Merchandise	338,479,456	3,408,893,935	2,713,308,715
Total gold and specie	34,250,520	381,402,644	281,195,109
Grand Total	372,729,976	3,790,296,579	2,994,503,824

EXPORTS, BY DIVISIONS

Division	September, 1956 HK$	Jan./Sept., 1956 HK$	Jan./Sept., 1955 HK$
Live animals	—	213,920	218,971
Meat and meat preparations	606,238	5,378,718	6,258,599
Dairy products	1,034,066	12,606,606	9,709,733
Fish and fish preparations	2,403,714	18,861,201	15,113,241
Cereals	6,493,558	39,915,561	18,046,307
Fruits and vegetables	7,776,715	85,763,718	92,322,987
Sugar and sugar preparations	4,240,747	29,242,767	27,229,806
Coffee, tea, cocoa and spices	2,240,439	20,389,188	24,263,268
Feeding stuffs for animals	294,282	2,070,256	1,162,782
Miscellaneous food preparations	2,486,065	23,131,428	20,060,634
Beverages	842,585	9,248,951	7,072,217
Tobacco and tobacco manufactures	551,086	5,320,053	6,038,188
Hides, skins and furs, undressed	1,972,676	11,596,614	6,371,553
Oil seeds and oil nuts	1,986,516	34,824,630	26,933,420
Crude rubber, including synthetic	11,035	197,696	15,229
Wood, lumber and cork	492,993	6,286,123	6,010,921
Pulp and waste paper	119,242	1,408,389	2,596,289
Textile fibres and waste	14,126,114	65,319,542	32,885,312
Crude fertilizers and minerals	478,782	3,398,281	3,345,441
Ores and metal scrap	6,644,557	42,896,371	21,756,643
Animal and vegetable crude materials	11,421,776	111,584,390	99,848,365
Mineral fuels	3,147,773	17,772,336	2,601,308
Animal and vegetable oils	1,778,003	28,865,276	15,711,712
Chemical elements and compounds	1,252,981	11,021,345	23,224,278
Mineral tar and crude chemicals	2,750	696,246	17,380
Dyeing, tanning and colouring materials	3,049,467	39,770,123	64,802,343
Medicinal and pharmaceutical products	3,786,960	35,958,537	41,844,568
Perfumes and cleansing preparations	1,899,597	19,049,782	21,163,034
Fertilizers, manufactured	2,092,267	34,765,994	43,194,411
Explosives and chemicals	2,287,044	14,397,149	14,537,089
Leather, leather goods and furs	216,502	2,010,098	2,016,227
Rubber manufactures	827,687	9,854,295	1,818,588
Wood and cork manufactures	366,481	3,162,745	3,160,218
Paper, paperboard and manufactures	8,789,364	53,763,439	48,355,791
Textile yarn, fabrics and made-up articles	59,186,208	648,998,226	424,447,402
Non-metallic mineral manufactures	3,106,061	41,435,455	23,324,151
Silver, platinum, gems and jewellery	2,289,692	24,967,923	21,240,298
Base metals	9,515,728	83,326,384	17,676,929
Manufactures of metals	10,384,918	100,336,671	72,627,623
Machinery other than electric	2,743,517	42,855,668	24,310,897
Electric machinery and appliances	3,445,004	29,227,219	19,369,173
Transport equipment	2,640,568	25,686,509	14,256,379
Prefabricated buildings; plumbing, heating & lighting fittings	6,924,618	59,739,620	51,049,745
Furniture and fixtures	1,822,335	25,173,290	23,000,088
Travel goods	1,509,547	12,932,589	9,771,372
Clothing	30,756,102	301,970,894	233,825,214
Footwear	5,280,534	64,246,130	58,346,497
Scientific instruments; photographic and optical goods; watches and clocks	3,758,105	30,842,772	20,281,581
Miscellaneous manufactured articles	12,134,718	121,461,760	95,910,024
Live animals, not for food	49,003	399,761	274,881
Total Merchandise	251,266,720	2,414,362,639	1,819,419,107
Total gold and specie	43,485,245	396,873,653	278,088,096
Grand Total	294,751,965	2,811,236,292	2,097,507,203

HONGKONG PRODUCTS

EXPORTS, BY COUNTRIES

Country	September, 1956 HK$	Jan./Sept. 1956 HK$	Jan./Sept. 1955 HK$
Africa, Central (British)	468,070	3,916,176	6,377,392
Africa, East (British)	1,666,318	14,123,102	17,044,214
Africa, South	1,519,401	12,450,213	10,968,616
Africa, West (British)	3,722,693	33,133,996	22,846,540
African Countries, Other	2,949,835	21,757,099	19,782,694
America, Central	1,498,224	8,253,306	7,604,049
America, South (excluding Argentina and Brazil)	953,164	7,884,002	8,275,007
Argentina	—	4,187	75,042
Asian Countries, Central	462,716	1,203,581	156,828
Australia	2,295,373	14,423,334	13,343,489
Austria	—	240	1,800
Belgium	58,245	1,339,430	1,159,697
Borneo, North	1,241,994	9,139,584	6,832,251
Brazil	51	14,622	—
British Commonwealth, Other	796,602	7,936,900	9,233,533
Burma	264,924	1,569,943	11,641,396
Cambodia, Laos & Vietnam	2,495,416	18,614,257	15,308,100
Canada	332,906	5,472,736	7,639,115
Ceylon	91,268	3,273,863	3,921,462
China	433,172	1,475,478	42,076
Denmark	112,781	1,074,993	926,792
Egypt	32,244	276,259	387,890
European Countries, Other	63,330	451,288	348,156
Formosa	93,010	1,257,075	545,475
France	54,029	480,601	865,933
Germany (Western)	161,826	1,625,944	1,149,578
India	393,998	4,505,507	5,815,423
Indonesia	8,539,257	114,400,005	59,295,615
Italy	60,883	428,762	481,123
Japan	1,758,572	5,462,703	4,250,113
Korea, South	791,675	3,821,075	9,756,782
Macao	457,721	3,322,099	4,838,812
Malaya	6,342,046	66,884,470	78,909,453
Middle and Near East Countries	837,119	9,014,826	7,728,926
Netherlands	381,719	2,622,537	1,314,820
New Zealand	453,039	4,370,496	5,103,246
Norway	69,845	365,867	344,120
Oceania, British	350,709	2,191,114	1,847,337
Oceania, United States	197,235	2,371,479	2,107,467
Oceania, n.e.s.	306,369	2,561,539	2,791,170
Pakistan	74,921	1,335,922	1,995,611
Philippines	2,292,858	16,306,707	15,572,344
Sweden	259,393	1,198,474	1,430,593
Switzerland	24,905	204,245	262,193
Thailand	4,745,451	35,318,510	47,136,185
Turkey	448	992	20,764
United Kingdom	13,466,532	122,259,213	100,847,137
U.S.A.	1,673,058	13,870,666	10,818,155
West Indies, British	861,165	6,255,392	7,430,242
Total	61,106,510	590,224,809	536,574,756

EXPORTS, BY COMMODITIES

Commodity	September, 1956 HK$	Jan./Sept. 1956 HK$	Jan./Sept. 1955 HK$
Fish in airtight containers	173,270	1,685,149	1,010,334
Fruits, preserved	1,100,345	11,592,186	9,854,878
Jams and fruit jellies	1,003	1,003	12,135
Fruit juices, unfermented	12,713	419,007	160,134
Non-alcoholic beverages	133,095	770,061	637,150
Beer	324	25,591	9,573
Cigarettes	103,063	791,037	479,818
Iron ore	153,271	3,295,821	3,134,569
Tungsten ore	—	111,463	186,675
Seagrass	1,630	75,954	103,120
Lacquers and varnishes	233,702	2,222,616	1,873,390
Paints, enamels and mastics	779,947	8,462,172	7,285,104
Cotton yarn	7,445,305	76,729,706	73,967,151
Cotton piece goods	15,091,029	124,467,305	138,805,805
Towels, not embroidered	1,089,423	10,543,081	8,664,464
Linen, embroidered	1,146,719	6,954,095	6,487,656
Cement	500,972	6,987,778	4,279,173
Iron and steel bars	2,385,139	8,617,537	6,503,087
Household utensils, enamelled	6,170,180	56,440,923	40,674,191
Household utensils, aluminium	524,195	6,530,252	5,810,691
Torch batteries	906,462	7,101,058	7,802,668
Torch bulbs	492,836	4,760,373	4,146,327
Electric torches	4,495,852	36,807,019	37,595,699
Lanterns, metal	1,429,282	13,842,266	8,530,265
Cotton singlets	3,706,377	64,278,401	42,146,544
Underwear and nightwear, embroidered	258,496	2,419,828	1,909,261
Shirts	5,871,766	52,320,244	48,235,262
Outerwear, embroidered	460,891	5,424,088	5,473,588
Articles of clothing (e.g., handkerchiefs, shawls, etc.), embroidered	610,831	3,502,861	2,504,405
Footwear	4,487,075	59,208,389	55,003,791
Matches	17,678	691,434	1,789,606
Plastic articles	709,989	7,276,720	5,845,703
Vacuum flasks, complete	613,650	5,869,391	5,652,539
Total	61.106,510	590,224,809	536.574.756